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1912

The

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A Legal Opinion Concerning Community Credit Policies

By JESSE ANDREWS
Baker, Botts, Andrews and Walne
Houston, Texas

Mr. L. S. Crowder, General Manager and Treasurer
National Retail Credit Association
Shell Building
St. Louis 3, Missouri

Dear Mr. Crowder:

In your letter of December 3, receipt of which has already been acknowledged by me, you say,

"We are interested in recommending to our member associations a credit control policy which will not run counter to the Sherman Anti-Trust Act or form a part of the price formula, and will appreciate your recommendations.

"Can the merchants, in your opinion, agree on sound credit terms, provided it is voluntary and failure to follow the terms agreed upon does not carry a penalty?

"In this connection, can minimum down payments and maximum time be agreed upon and the policy publicized in the newspapers, over the radio, or in the form of inserts?"

In connection with your inquiry, I received the credit plans of five credit associations. These follow more or less the same pattern. The prominent features of this pattern are provisions, the effect of which would be,

(1) To deny further credit to customers who have permitted the balances of their accounts to run past due for a stipulated length of time;

(2) To require payment of interest at a stipulated rate per month on charge accounts that have remained unpaid for a stipulated number of days;

(3) To divide merchandise, roughly, into two classes, "hard goods" and "soft goods," and require stipulated minimum down payments where the goods are sold on the installment payment plan;

(4) To require that installment payments do not extend beyond a stipulated number of months;

(5) To require payment of a stipulated rate of interest on installment payments;

(6) To forbid advance dating on goods sold;

(7) To limit the kinds of goods as to which the "lay-by" practice may be applied; and

(8) To provide other restrictions and limitations.

It will be assumed in what I say that the sales which would fall within the provisions of the credit plan discussed, or some of them, are sales constituting interstate commerce; that is, that the merchandise sold would cross state lines. It is only to such sales that the Sherman Anti-Trust Act would apply. Other sales might be subject to state anti-trust acts. They are not within the scope of this opinion.

In a way, it is unfortunate that merchants who are competitors cannot enter into agreements establishing uniform practices and procedures of certain kinds where the agreements are entered into in good faith and the ends sought are laudable. It is the Sherman Anti-Trust Act that prevents such agreements. This is not to say that the policy laid down by that Act is not wise and salutary. It is, rather, that not infrequently the concerted action proposed by competitors to achieve these laudable ends runs counter to the policy decreed by that Act. For example, it may be sound policy and conducive to the good of a community that certain segments of the buying public should not be permitted to overindulge themselves in the use of their credit, and that this restraint should be exerted by requiring substantial down payments in sales on the installment plan and requiring complete payment to be made within a relatively short period. The decision of each merchant to follow a policy of this kind, reached by him independently of the other merchants, and adhered to by him without regard to what the others would do, would leave nothing to be desired. It would accomplish the ends desired and would leave unaffected the free play of competition between the merchants.

But when this practice is adopted not as a result of the separate and independent action of each merchant, wholly uninfluenced by what some competitor may do, but is brought about by concerted action of competitors and is dependent for its continued existence upon the continuation of this concert of action, then it is artificial and falls under the ban of the Anti-Trust Act. This is true, notwithstanding the merchant may think the policy is good not only for him but for the community as well.

Reasons For Sherman Anti-Trust Act

No one would question the reasonableness of the imposition of a carrying charge, in a reasonable amount, on accounts that are permitted to run past due. But when the amount so charged depends for its size upon the fact that a given competitor is known to be charging the same amount, then the practice assumes a different aspect. It may well be that but for the support in continuing to impose this charge that this merchant derives from the understanding he has with his competitor, express or implied, his carrying charge would be less. If so, the buying public is entitled to this lesser rate. It is deprived of it only because of this concerted action between the two competing merchants. It is to prevent such concerted action and protect the buying public in its right to a free competitive economy that the Sherman Anti-Trust Act was adopted.

The Supreme Court has said in *United States v. Socony Vacuum Oil Company,* 310 U. S. 150, p. 223, "Under the Sherman Act a combination formed for the purpose and with the effect of raising, depressing, fixing, pegging or stabilizing the price of a commodity in interstate or foreign commerce is illegal *per se.*"

It might be thought that for merchants to agree on a given percentage rate to be applied to accounts past due for a given length of time; or on a given percentage of

the cost to be required as a down payment on certain merchandise; or on the maximum length of time that installment payments are allowed to run; or on others of the provisions of the common credit plan, listed by me above, would not be a "fixing" of price. But on closer analysis of it, it will be seen that it could well be said to be such. If it be assumed (as I must assume, if through a credit plan the merchants agree on a common course of action) that the reason a given merchant establishes and adheres to these rules in his store is because his competitors are doing the same, and that without this such charges would not be imposed by him, it is obvious that the existence of the credit plan has resulted, in the case of a customer who has allowed his account to run past due or who has purchased goods on the installment plan, in his paying more money for the goods or agreeing to a more onerous installment purchase contract than would have been true had this credit plan not been in existence.

I am compelled to conclude, therefore, that such parts of a credit plan as fix the rate of interest to be charged on past due accounts, the time when such interest is to begin to accrue, the minimum amounts that must be paid as down payments on the purchase of goods on the installment plan, and the period within which such payments must be completed, and as impose the limitations on the sale of merchandise contained in the provisions of the plan, to which I have specifically referred,—I am compelled to conclude, to repeat, that such provisions cannot safely be said to be outside the scope of the Sherman Anti-Trust Act. In construing this Act, in *Eastern States Lumber Association v. United States,* 234 U. S. 600,609, the Supreme Court said, "It broadly condemns all combinations and conspiracies which restrain the free and natural flow of trade in the channels of interstate commerce."

Other Cases Cited

I am not unaware that the Supreme Court in *Swift & Co. v. United States,* 196 U. S. 375, 395, left unchanged a decree of the lower court which provided that defendants would not be restrained from establishing and maintaining rules for the giving of credit to dealers where such rules in good faith were calculated solely to protect the defendants against dishonest or irresponsible dealers. Nor am I unaware that the fact that the Court had left such a decree unchanged was referred to by the Court in this case of *Cement Mfrs. Protective Ass'n v. United States,* 268 U. S. 588, 604. But the question of the validity of the portion of the decree of the lower court which excepted from the injunction against Swift & Co. any prohibition against establishing and maintaining rules for the giving of credit was not before the Court in the *Swift* case. The appeal in that case was by Swift & Co., and, since the judgment of the Court below excepted from the scope of the injunction any prohibition against establishing and maintaining rules of credit, naturally, Swift & Co. did not complain of that portion of the decree appealed from and the validity of it was not inquired into by the Supreme Court.

So, also, in the *Cement Mfrs.* case, the concerted action there complained of by the Government was an agreement on the part of the members of the Association to furnish reports of a rather detailed character giving their experience with their various customers. There was no agreement in the case as to fixing any specific charges such as appear in the credit plans to which I have referred.

Whatever uncertainty as to the course to be pursued with respect to entering into such a community credit plan that might exist because of the absence of any clear cut decision on the point by the Supreme Court is removed, I think, by the action which the Department of Justice has taken. I refer to Assistant Attorney General Wendell Berge's opinion to R. Preston Shealey, Esq., Washington Counsel, National Retail Credit Association, dated October 31, 1946. Mr. Berge pointed out in that letter that where the facts in a proposed plan are laid before the Department, they often exercise their discretion to the point of saying that if the plan is put into effect there will be no criminal prosecution, but that the Department was unwilling to do this as to the Atlanta and Birmingham community credit plans that had been laid before them. As to these, he said, "we have considered the proposed Atlanta and Birmingham community credit programs under the above policy and have determined that we could not undertake to withhold criminal proceedings under the Sherman Act if the proposals became operative." These community credit plans are not dissimilar from the pattern to which I have referred. I think Mr. Berge's letter gives the answer to the practical question before us and that no community credit plan not distinguishable from the Atlanta and Birmingham plans should be entered into unless and until the Department of Justice has announced a change in its position.

Referring now to the questions specifically asked, I repeat the questions and to each give my answer:

> (1) "Can the merchants, in your opinion, agree on sound credit terms, provided it is voluntary and failure to follow the terms agreed upon does not carry a penalty?"
>
> Answer: "No."
>
> (2) "In this connection, can minimum down payments and maximum time be agreed upon and the policy publicized in the newspapers, over the radio, or in the form of inserts?"
>
> Answer: "No."

It is of no materiality that an agreement such as is referred to in the first question does not carry a penalty. Nothing more is required to make the violation of the Act complete, assuming that the other grounds exist, than that the defendant has participated in the agreement or understanding that the plan will be carried out. You can see the reason for this. What the law seeks to accomplish is the avoidance of the suppression of competition. Competition is suppressed by an agreement or understanding in restraint of trade whether the agreement or understanding fixes a penalty for the violation of it or not.

You will observe that throughout this opinion I have dealt with agreements as to specific terms and amounts. There is no objection, in my opinion, to concerted action advocating sound credit policies so long as there is no commitment as to specific terms or amounts and so long as each participant is free to fix his own terms and amounts.

Very truly yours,
Jesse Andrews

Outlook

Of the Credit Situation As It Appears Today

George L. Peterson
Credit Sales Manager, Maison Blanche Co.
New Orleans, Louisiana

NOT LONG AGO Louis Selig, Rosenfield's, Baton Rouge, Louisiana, and I discussed among other things the present trend of credit as it pertains to retail sales. We were inclined to agree that there has been:

a) An increase in new charge accounts
b) An increase in charge account purchasing
c) An increase in installment sales, and
d) A decrease in charge account receivables collections.

When considering this subject of credit trends, the following topics should be included:

a) Present and future trends
b) Credit granting and control
c) Operations
d) Consumer relations and education

There has been a great deal of speculation throughout the country as to the outcome of this trend which has been on the increase in the last three months. In fact a few of us are greatly concerned over this situation.

Let us analyze these trends:

a) *The continued increase in new accounts.* Hasn't it been a fact that for years we have been trying to open as many new accounts as possible? If our customers themselves will open accounts, instead of having this accomplished through a sales promotion program, isn't that just what we are after? Why is it that one of the leading subjects today in credit circles continues to be sales promotion, indicating that credit executives feel that there is still a vast field for further expansion? This is being done despite the increase in charge and installment sales.

b) *Increase in charge purchasing.* As a credit manager, do you remember when 65 to 70 per cent or, in some instances, higher than 70 per cent of the total retail volume was on a 30-day charge basis? Is it something to be concerned about when our charge business reaches 50 to 55 per cent? Frankly, I do not think so.

c) *The decrease in the collection percentage on monthly charge accounts.* Is it not a fact that in the past four years (since Uncle Sam took our collection problem on his big broad shoulders) that we have been living off the fat of the land? If your collection percentage is still running from 55 to 60 per cent, look for it to slide off until it reaches a more normal level.

d) *The increase in installment sales.* This would appear to be an indication that hard lines of merchandise are beginning to flow into the market and if anything, is an indication for the better. However, this installment situation will bear watching.

While on the subject of trends, let us see how the credit executives around the United States are reacting to some of these problems. Here are several excerpts of opinions that appeared in various newspapers, trade journals, and magazines in recent months:

Women's Wear Daily, September 23, Miami, Florida:

"The average Miamian has gotten rid of his wartime savings and is back on the installment plan again, according to local department store credit managers. R. P. Alley, of Sears, Roebuck, said he has noticed a huge jump in installment buying in the last few months. Sears has also lately reopened several hundred charge accounts which were unused during the war. Another credit man said, 'They can't even pay their bills any more. They've lived up everything, and are not prepared to absorb the increased cost of living.' Still another said that most of the new refrigerators and washing machines will be bought on time. All the credit men agreed that this development would be more striking if there were more goods to sell."

Women's Wear Daily, October 21, Memphis, Tenn.: "A. V. Stein, Credit Manager, of Sears, Roebuck and Co., Elias Goldsmith, Jr., of Goldsmith's and Col. J. D. Chambers of Bry-Block Mercantile all combine to say that the increase in installment selling is due to the fact that merchandise is going on the market and not the depletion of wartime savings."

Women's Wear Daily, October 22, Philadelphia, Pa., in an article entitled, "Credit Collection Dip in Philadelphia": "A check of retail credit people discloses that open accounts collected took another dip in September dropping behind those of the preceding month from 3 to 5 per cent. This is the third successive month collections have sagged sharply," the article said.

"Credit men generally agree that the steep rise in the cost of living is primarily responsible for the falling off of collections as inflationary increases absorb more and more of the consumer dollar."

Business Week Magazine, October 19, an article entitled "Supercharger" states that:

"Filene's installs a budget charge account, allowing up to a year to pay, to help attract more credit customers to the store.

"Department stores, with an eye to the return of a buyer's market, are bending every effort to increase their number of charge account customers. Charge accounts not only help keep customers loyal to the store, but prompt them to make a good many more purchases, since the average customer finds it psychologically easier to charge than to buy for cash.

"*Attraction*—This month Wm. Filene's Sons Co. of Boston is inaugurating a Permanent Budget Account Plan, intended chiefly to attract customers who need somewhat more credit than the 30-day charge account allows them, and something broader than the budget payment plans that can be arranged on single large purchases, such as fur coats.

"P.B.A. allows the customer a revolving amount of credit which he may maneuver for his convenience. He pays a fixed monthly fee plus a 1 per cent carrying charge on his unpaid balance. Twelve times the monthly sum is allowed him as the maximum credit which he may use at any one time. He may use his special P.B.A. Charga-Plate in Filene's main or men's store, or in the eight branch stores.

"According to government regulation, he must pay one-third down on any single purchase exceeding $10.00, but the remainder may be budgeted.

"*Pretested*—As a member of Federated Department Stores, Inc., Filene's is profiting by the experience of Bloomingdale Bros., Inc., New York, a sister store, which has used the plan for several years and, last January, began a stepped-up promotional campaign about it. Two other Federated stores, John Shillito Co. in Cincinnati and F. & R. Lazarus & Co. in Columbus, Ohio, are also adopting the plan currently, and the other two Federated members, Abraham & Straus, Inc., in Brooklyn, and Foley Brothers Dry Goods Co., in Houston, are expected to follow suit within the next few months.

"The plan has proved outstandingly successful at Bloomingdale's, and Filene's reports that the response so far has exceeded expectations."

There are a great many things that we should start thinking about now. The general consensus of opinion is that we should tighten up on credit extension and collections.

New Orleans Looks at Credit

In New Orleans we have been looking at the credit situation with a great deal of interest. We firmly believe that if there is to be a problem, it will likely be in the installment group of accounts and not the monthly charge account class. After a careful survey, a plan was drawn up at the request of a research committee of four store credit executives, appointed by the president of our credit bureau. If this plan be adopted in full or in part it will be of immense help in reaching the answer to our problem of installment sales.

The present method of securing bureau information is slow and inaccurate. It involves constant bickering between employees of the bureau and employees of the member credit departments. It is also true that it is not supported by the complete records of many of its members.

If no real remedy for these difficulties has been found in the last quarter of a century, will any ever be found? If not, then a new approach to the problem seems in order. The proposals that follow rest on these two premises:

1. That debt, beyond one's capacity to pay, is seldom, if ever, solely open account debt, but almost always installment debt. If this be true, a credit report gives adequate protection against the involved debtor by furnishing all installment balances only.

2. If you know the applicant's installment debt situation, then to complete the credit picture we need to know whether he has unsatisfactory open accounts.

With such information available, an applicant with no installment debt and no unsatisfactory open account experience would be judged solely on the information on the credit application, or the special report from the bureau. On the other hand, an applicant with a heavy installment debt load and unsatisfactory open account experience could be declined with no further checking.

If this be true, the next question is: How can the credit bureau furnish total installment debt and the current status of unsatisfactory open accounts while you wait on the line, if you wish? It can be done, with considerably less burden on members than the present practice involves.

Total Installment Debt

First, how to arrive at total installment debt without calling members for balances? The answer to this lies in the fact that all installment accounts are sold or leased on definite terms. If the amount of the debt and time to run are recorded at the central bureau at the time the obligation is created, it is quite simple to calculate the present balance at any time during the life of the contract. If, in addition to this, members report daily each installment contract which has reached such a condition that member would not resell or reloan customer, then it is safe to assume that all contracts not so would enable you to determine closely the applicant's total installment debt.

Under this plan, as installment debt matured, it would be removed from the record unless renewal was reported, making all information completely current. It would certainly be much more simple for members to make one daily report of each installment account created than to answer each day call after irritating call from the bureau for balances. Not only that, but much installment debt need not even be reported or recorded. We would try to confine reports to items having credit significance. Accordingly, items of perhaps less than $50.00 could be left out of consideration, as well as all installment accounts of individuals whose income is of substantial nature and who would be most unlikely to become credit problems. That is, we would narrow the field to essentially significant items as far as possible.

This, then, affords the installment credit granter and the open account credit granter a full measure of protection against credit seekers who are inclined to overload themselves with debt, and brings us to the second part of the plan. We have learned that the credit seeker has no overload of debt. How then does he pay his open accounts? Open account balances cannot possibly be determined in any way except by either:

a) Calling his account for ledger balances or

b) Keeping all ledger sheets in the central bureau.

Neither method works well. So we go back to our first premise, that is, we assume that any customer with an overload of open account debt demonstrates it in one of two ways: Either he becomes an installment account customer, by making personal loans or entering into an installment arrangement in accordance with Regulation W, or he allows some of his open accounts to become past due. If he has borrowed to retire an overload of open account debt or transferred such debt to an installment

basis, you catch him in the installment report. Therefore, the only service the central bureau need perform for you is to furnish a current record of past-due open account balances.

The two ways in which this may be done are:

1. Report each past-due open account to your bureau.
2. Place each past-due account for collection at some agreed stage of delinquency.

Method Number One

Method number one—merely reporting a past-due account will not avoid the necessity of calling stores for ledger balances, because an account one day past due may be in good standing the next week. Hence a member calling the central bureau would himself have to check, or have the central bureau check each account that had ever been reported past due against the applicant to determine the present status of the account. This would put us right back to the very thing we are trying to avoid. But, when an account is placed for collection, the bureau actually keeps the ledger records and ledger balances. Many times also customers' reasons for allowing accounts to become past due are instantly available, without the necessity of calling the store originally submitting the account.

The mechanics of putting this plan into effect would involve a new bureau contract and a gradual weeding out of present bureau files and replacing with the new records, with no interruption to present service. The plan should be accepted by groups, as member to member solicitation would be a long and tedious process, deferring completion of the plan for years. Should it be accepted I feel that the question of installment buying in the greater majority of instances could be controlled.

Now, let us go on to the charge account situation and in this connection I would like to touch on the following four subjects:

1. *New Accounts.* If you have an assistant or assistants who have been charged with the responsibility of taking the new account application, I suggest that you see whether or not you are getting all the information you think necessary. Isn't it true that because of easy conditions in the past we might have become a bit lax? I strongly urge that the credit executive spot-check each application himself to see that each contains all pertinent facts.

2. *Account Limits.* It is most important now that we watch account limits. Since Regulation W is not here to partly help us control this situation we can easily get into trouble if we allow our 30-day receivables to run wild. There are two ways to control overlimits:

a) Make it an important part of the bookkeeper's job to direct the overlimits to the attention of the credit executive, and

b) To offer an incentive for this information.

It will be necessary to study these overlimit accounts carefully and sometimes a special report might be needed to bring new information to light. It is needless to say that a man making $100.00 a week a year ago may now be making only $35.00.

3. *Bring Information Up to Date on War Workers and Service Personnel.* During the war a great many accounts were opened for service personnel and war workers. It might be well to have your credit bureau secure new information on this group of accounts, such as new place of business as well as present credit standing in the community. It cannot be done all at once, but a few accounts a day can be handled by the credit bureau as well as the clerks in your credit department.

4. *Importance of Getting the Correct Statement to the Customer on Time.* It is rather presumptuous on my part to emphasize the importance of getting out statements on the first of the month in view of the splendid job that is being done in such places as Baton Rouge. If the monthly statement is correct, in most instances a payment is usually forthcoming; but, on the other hand, if there are corrections to be made there will be a delay in payment until the customer can come to the store.

When I refer to operations, I mean:

1. Proper lay-out for the credit office
2. Systems and mechanical equipment

Proper lay-out for the credit office. When I refer to the proper lay-out of the credit office I do not mean the placement of the desks, telephones, chairs, etc. I mean is your office easily accessible to the prospective customer or must she feel her way through a series of poorly lighted hallways to find eventually the credit department? How far must the customer walk when she gets off the elevator? If in your opinion the office is too far from the elevators, is there a possibility of rearrangement? Is the customer seated comfortably or is the credit interview conducted at a counter where privacy is impossible? Does your prospective customer see a large sign marked "Collection Department" which conveys the idea that the store conducts a hard-boiled collection policy? While the collection department is a necessary part of your organization it should not be drawn to the attention of the new account customer.

Day by day and year by year, management realizes more and more the credit department's importance relative to the promotion of credit sales; there should be no reason why physical changes cannot be accomplished to make the credit department easily accessible and more attractive.

Systems and Mechanical Equipment

Systems and mechanical equipment. I am sure that all credit executives must agree that charge business is on the increase. Now I ask you, "Are you prepared for it?" In this connection, I want to emphasize authorization practices and cycle billing, the two factors which in my opinion are prime requisites toward a fast, practical and inexpensive credit department operation.

Examine your authorization system first. Are you using house phones, tubes, or charge phones? Is your present equipment adequate to handle your volume or have you given consideration to either expanding your present system or replacing it with something faster?

If you are now authorizing from the ledger which perhaps requires your clerk to leave her station, have you considered an authorization index, properly signaled and coded, placed directly at the station where credit information is to be received and authorized?

Are your floor limits high enough to deliver takes more quickly, or are they so slow that the customer is being delayed? Bear in mind the saving in delivery costs if the customer will carry her package with her. Without

(*Turn to "Outlook," page 30.*)

Skip Trace Devices

"A Cheap Swindle"

Randolph W. Branch
Principal Attorney
Federal Trade Commission

THE USE OF "skip trace" devices apparently is predicated upon the assumption that in collecting a bill it is permissible to use any conceivable method which will secure payment. To persons with this attitude, the fact alone that a debtor has left for parts unknown furnishes ample reason to use any sort of subterfuge to locate the debtor.

This notion has as its basis the old philosopsy of "an eye for an eye and a tooth for a tooth," a theory which is not acceptable in practice under present laws. Two wrongs do not make a right, and the fact that A has lied to B does not permit B to lie to A. The fact that a person attempts to conceal his whereabouts, in order to avoid the payment of just debts, does not make him an outlaw.

No one holds a brief for the morals of one who tries to avoid payment of a just debt. But the immorality of his conduct should not be confused with illegality. Everyone in this country has a legal right to move anywhere he pleases. He is under no obligation to tell his creditors or anyone else when or where he proposes to go. And whether he moves for climatic reasons or to avoid paying his bills is wholly immaterial.

In considering the legal aspects of these devices, interstate commerce declares these deceptive methods illegal. Section 5(a) of the Federal Trade Commission Act states: "Unfair or deceptive acts or practices in commerce are hereby declared unlawful." There can be no question that these devices are schemes, more or less elaborate, for telling the debtor a lie. The fact that it is done in a slick sort of way does not change the nature of the scheme nor its results. The Ninth United States Circuit Court of Appeals in its decision in *Jack Silverman, et al. v. Federal Trade Commission,* 145 F. (2) 751, sustaining the Commission's order to cease and desist in a skip trace case, said: "Petitioner's scheme is a cheap swindle and the argument that it is less so because it may in certain cases trap swindling debtors is not a pleasing one to entertain." This language completely disposes of any attempt to justify the use of such devices on moral grounds.

Quite a number of the cases which came before the Commission involved devices which led the recipient to believe that the communications came from the United States government. Impressive names like "Chief Statistician," "Bureau of Industrial Allocation" were used. And the cards or letters containing such headings were sent from and returnable to Washington, D. C., addresses. The whole setup, including the simulation of what might be called the "government dress" of devices, was quite convincing. The public interest in suppressing these contrivances was even more apparent than in the "missing heir" and "lost package" devices. Both the Selective Service System and the Social Security Board were gravely concerned by their use. The Selective Service System was concerned because persons tricked by this false address method began to ignore the Board's official communications. Both agencies were concerned because debtors believed that confidential information had been divulged by these departments. During the war this mistrust of government communications tended to interfere with the war effort and bring both departments into disrepute. The public interest in the cases involving other devices was perhaps less immediate and vital. Nevertheless, they were held to be sufficient by the Commission and the Circuit Court in the Silverman decision.

Commission's Orders on Device Cases

In these device cases the Commission issued a total of twenty-one orders. As these contrivances were sold in commerce and used by the purchasers in commerce, there was no question that interstate commerce laws had been violated. In its most recent decision in the matter of *William A. Herman,* Docket 5225 (December 12, 1946), the Federal Trade Commission issued an order against a private detective who used the "missing heir" device to obtain information about claimants under workmen's compensation laws. In this instance the Commission concluded that the devices were used in interstate commerce even though theye were not sold in commerce.

Although most of these cases have been handled by the Post Office Department for the past two and one-half years, I believe the Commission is satisfied with its jurisdiction to handle any device of this sort. The Post Office procedure works more quickly and as effectively as that of the Federal Trade Commission.

In the trials of some of these cases, I have heard various claims that the particular devices used had been approved by the postal authorities. Recently, I saw a similar claim in a circular which listed certain "acceptable" contrivances. But all of these devices are essentially the same in character as those against which orders have been issued by the Commission. So such claims of approval by the postal authorities should be absolutely disregarded. In my experience this so-called approval was given by a letter carrier or clerk or some other employee who had neither knowledge of the law nor authority to commit the Post Office Department. I do not believe that approval of any of these devices has ever been given by a responsible official of the Post Office.

(Turn to "Skip Devices," page 29.)

Please Note

THIS ARTICLE, approved by the Federal Trade Commission, should serve to clear up any uncertainty in the minds of our members as to the legality of skip devices. Since all of these devices are unlawful, as stated by Mr. Branch in this article, we suggest that our members use the postal procedure to locate missing debtors as outlined by R. Preston Shealey, our Washington Representative, in the October, 1946 CREDIT WORLD, page 17.—Ed.

Public Relations Is Everyone's Job

H. C. Nicholls
Cashier, First National Bank of Madison
Madison, Wisconsin

IT WAS EDGAR GUEST who wrote:
"The reason people pass one door
To patronize another store,
Is not because the busier place
Has better silks, or gloves, or lace
Or special prices, but it lies
In pleasant words and smiling eyes;
The only difference, I believe,
Is in the treatment folks receive."

It is a funny thing about business. We spend thousands of dollars for advertising, occupy expensive quarters, furnish them to create the right impression, and select our employees with care. We do all these things and then frequently overlook the most important factor of all . . . the proper training of our employees on how to meet and treat the public.

How can we expect to have good public relations if we have an untrained organization? By untrained I do not necessarily mean untrained in the daily routine work, but untrained in meeting the public—personally, over the telephone, or by letter. The following story illustrates the point I wish to make:

There was a line-up when the man asked the bank teller about renting a safe deposit box. "You'll *have to* go to window 6 for information about that," the teller said curtly. "Like heck I 'have to,'" the man answered. "I can just keep my stuff in my office the way I have been doing."

Now we do not need a radio program to tell us "people are funny." But perhaps some of the funniness comes from our choice of words. Words when used right are wonderful things. They are tools we use to get people to do what we want them to do. Certainly it would not have been any more difficult for the teller to have said something like this, "Would you mind stepping over to window 6? They have all the information and sample boxes there." There is a feeling of compulsion in the words "have to!" A man may "have to" see his doctor or he may "have to" buy a suit; but the point is that he does not necessarily "have to" see any particular doctor or go to any particular store. By way of contrast I relate this little story:

One summer morning not so long ago I was riding downtown on a Minneapolis streetcar during the early morning rush hour. It was hot. At every stop people crowded into the car and soon all seats were taken and passengers were standing in the aisle. Still more people would crowd on at each stop. I wondered how the conductor could possibly cram another passenger into the car. But the car continued to stop and people continued to push in. It was getting hotter and those who were standing all looked irritable. As the car approached another stop they glared at the conductor. He smiled back at them. The car stopped and as the door opened the conductor boomed out in a loud, pleasant voice, "Please move up a bit, folks. Be as friendly as you can." You could just sense something happen in that car. Some people smiled, a few laughed, and the whole atmosphere in the car changed as they cheerfully pushed one another farther to the front.

As I was leaving the car the conductor leaned over, smiled, and said, "Did you have a good ride this morning, sir?" That fellow made me feel cheerful all day; in fact, I still feel cheerful each time I think of the incident, which is often. He took a moment to be friendly; that is good public relations in action. You know, of course, that there is nothing more valuable to a business than friendship—the friendship of customers and of the general public. And friendship for a business does not just happen. It must be created. One way it can be created is for everyone in the business to do and say the right things at the right time. Willard Chevalier of *Business Week* said: "Public relations is not something you say; it isn't something you do; it is something you are."

But we have been doing business the last five years in a "take it or leave it" economy. The customer has become the forgotten man. Not only has he been terribly neglected, but he has been badly treated time and time again. There was a time when the word "customer" had a pleasant connotation. In fact, it used to be said that "The customer is always right," but that was before the war. During the war many salespeople forgot what an important fellow the customer is. Executives need to remind themselves and the people who work with them how vitally important to their businesses the customer is.

What Is a Customer?

"A customer is the most important person ever to come into our place of business—in person, by telephone, or by mail.

A customer is not dependent upon us—but we are dependent upon him.

A customer is not an interruption of our work—he is the purpose of it. We are not doing him a favor by serving him—he is doing us a favor by giving us the opportunity to do so.

A customer is not an outsider to our business—he is part of it.

A customer is not a cold statistic—he is a human being with feelings and emotions like yours and mine, and with biases and prejudices, too.

A customer is not some one to argue or match wits with. Nobody ever won an argument with a customer.

A customer is a person who brings us his wants. It is our job to handle them profitably to him and to ourselves."

Not long ago I had occasion to take some work to a tinsmith, who in the depression years used to come

around the neighborhood knocking on the doors asking for work. It was only a small job. I was eager to have it completed as soon as possible, since I was going out of town; so I asked him if I might stop by in a day or two and pick it up. The fellow glared at me; then, in a loud voice so that everyone could hear, he bellowed, "You're just like all the rest of the people who come in. You want your stuff tomorrow. You'll be lucky if you get it at all, with all the work I have."

Some day that fellow is again going to be standing out in front of his shop waving to people to come in to do business with him, and I give you one guess as to how I will wave back at him. An Exaggerated case? Not at all! It is typical of what has been going on in business for the past several years; and it is still going on. Again it was Edgar Guest who wrote:

"If I possessed a shop or store,
I'd drive the grouches off my floor!
I'd never let some gloomy guy
Offend the folks who come to buy;
I'd never keep a boy or clerk
With mental toothache at his work,
Nor let a man who draws my pay
Drive customers of mine away.

"I'd treat the man who takes my time
And spends a nickel or a dime
With courtesy, and make him feel
That I was pleased to close the deal,
Because tomorrow, who can tell?
He may want stuff I have to sell,
And in that case, then glad he'll be
To spend his dollars all with me."

A department store owner was beefing bitterly the other day because he is paying $30.00 a week for clerks who formerly earned half that amount. In addition to the high price he is paying for incompetent help, the store's customers are being "shoved around" by these greenhorns. It might have been his store that prompted this rhyme:

"I wonder why it is with salesclerks
Ruder than they've ever been before,
I can't think up a snappy answer
Until I get outside the store."

"It's good public relations you're missing," he was told. "You'll never get your money's worth, and your customers will continue to be mistreated until these people are trained to do the job the way it should be done."

Bank Public Relations

One day the trust department of a bank, where a friend of mine is associated, received a new estate to handle. Included in the assets of the estate was a desirable mortgage loan on a fine farm. The owner of the farm was a little 79-year-old widow. She and her husband, who had died a few years before, had spent almost 25 years getting this mortgage down to a point where there was only a few thousand dollars left to pay. All this time the mortgage had been held by the same man, the one whose estate was now being administered by the bank; and she became terribly upset at the thought of a bank holding her mortgage. It was only after a great deal of persuasion on the part of one of the trust officers that she agreed to leave the mortgage in the estate with the bank.

The transaction went along smoothly. Every six months she would come into the bank with a substantial part of the principal, with the interest. She would always come in at least thirty days before the due date; she took pride in always being ahead of time. Then, at last came the day, thirty days ahead of final maturity, when she made the last payment of $500.00 plus the interest. She was proud as could be. It had been the work of a lifetime to come into possession of her farm home, free and clear!

So what happened forty days later? She received a notice that her mortgage payment of $500.00 plus interest was ten days past due. Now most people would have said, "That has been paid," and thrown the notice in the wastebasket; but not so with the little old lady. She did not sleep that night and the next morning she was off down the road to the main highway three miles away, which she walked; she then took a bus into the city, another fifteen miles, to show the trust officer her notice and inquire in a trembling voice if she still owed more money. Several years of hard earned good public relations flew out the window, because somebody forgot to pull a tickler card out of the file.

Stop Pushing the Public Around

Public relations is one of the most important jobs facing business today. The public is sick and tired of being pushed around. They are all fed up on the "green help" excuse. They have put up with it now for several years. There has not been much else they could do. There still is not; but the time is getting closer when they will be able to do something; the "handwriting is on the wall."

Some years ago a large department store on the West Coast failed. The first thing the new management did when it took over was to train the entire sales force. The staff was divided into groups. Each group contained one person from each department in the store, so that there was a complete cross section of the store in each group. Then training meetings were held at regular intervals and information about the various departments was exchanged. The new management soon had a trained staff who knew something about each department in the store, and also how to treat customers. Mary Jones in toilet goods, for example, had at least some knowledge of lamp shades, girdles, furniture and other departments. The employees were now thinking store wide instead of department narrow. Soon sales began to pick up and black figures replaced red ones, and all of this with the same staff as before—conclusive evidence that training pays.

What we need is a good public relations job at the counters of America; the greatest need for training is where the public comes in contact with the company. Over the years, we have come a long way in merchandising procedure; but to go with it, we have not advanced as far in personnel training.

Some years ago, a large department store hired a psychologist to make a study of its shoe department, the buying habits of the people, and the store's public relations operations. He found, for instance, that the public did not like the store's setup. Why should they?

Look at almost any shoe store and you will see a long line of people sitting around with one shoe off and one shoe on, waiting for the clerk to fumble around getting boxes out of the rack. Try it yourself. If you take both shoes off, okey; or, if you leave them both on, okey. But one off and one on—oh, no!

The psychologist suggested that the shoe department be moved away from the most traveled aisles and that a partition higher than the customers' heads be built so passers-by could not gaze into the shoe department.

Alcoves were built and three chairs were placed in each section. The clerks were instructed never to put a second person in any alcove unless the others were filled. They were also told never to take off the customer's shoes until they had ascertained the price and style desired; then they could take off both shoes, but not just one. With the same line of shoes selling at the same prices, and with the same advertising, this store doubled its sales.

Development of New Ideas

I remember a time when raisins came in big boxes only and how the sale of raisins was increased substantially when some fellow got the idea to sell raisins in nickel boxes. And flour has not always been sold in five-pound sacks. There was a time when flour came in fifty-pound sacks only.

Until recently, if we wanted some dill pickles we had to buy a jar full. Most of us get an urge for one dill pickle just once in awhile; after we had one or two, that is enough until next time. In the meantime, a big jar of pickles cluttered up the ice box. By the time we were ready for dill pickles again they were usually spoiled, or at least they had lost some of their kick. Finally, somebody got the idea of selling dill pickles in pairs. Now we can walk into the store and pick up two dill pickles all sewed up in a little bag—floating in their own juice. Who said we do not have smart merchandising?

The point I am trying to put across is this: When it is a question of merchandising we do something about it. We do not say people must buy raisins in big boxes, or flour in fifty-pound sacks, or dill pickles by the big jar or else. We do not, because we know that people just won't do business that way. They are too smart.

Now it is our turn to get smart and bring our personnel training programs up to a level with our advanced merchandising ideas. Anyone who comes to see us, anyone who calls us on the telephone, anyone who writes us a letter offers us the opportunity for creating good will for our company. Let us take advantage of each occasion to make friends for our business.

The better informed our employees are, the better salesmen they are. They take more pride in their work; they are more enthusiastic; and they are better equipped to deal with the public. Time and effort spent in training personnel on how to serve the public will result in increased business, more profits, plus a reputation for friendliness and courtesy. It pays additional dividends, too, in that everybody enjoys his work.

If we are to raise the standards of public relations in business we must uphold the prestige of business in the eyes of our customers. One of the best ways to do that is to raise the prestige of each of our employees. One of the fundamentals of good public relations is treating the employees as you would want to be treated if you were an employee. In turn, employees should learn to treat a customer as they would like to be treated if they were a customer. This practice results in good public relations. The employees must be imbued with the idea that they are, each one of them, a representative of and a salesman for the business. Upon them depends the reputation of the business with the public.

Dale Brown, President of the Financial Advertisers Association, recently had this to say about public relations: "Every officer and every employee in every business has a personal, 'invisible ledger' in which are placed, daily and hourly, the debits and the credits to his public relations.

"Every smile, every courtesy, every little attention, which means so much to the customer, is entered on the credit side. Every little discourtesy, every gruff answer, every scowl, every moment of forgetfulness of the customer's interest is placed on the debit side.

"Every officer and employee should maintain a daily running inventory in his or her mind of what the debit and credit sheets in his own 'invisible ledger' are showing, because the sum total of his ledger and all the other ledgers make up the reputation of the institution for which he works.

"The sum of all credits and debits in all the 'invisible ledgers' of all of the officers and employees of any business is posted into a great invisible master ledger which is the public relations ledger of the company. By as much as the credits exceed the debits then, by that much, is the organization moving forward on the long, difficult, but important, road of its public relations."

The Telephone Companies have always been known for the fine public relations job they do. But this fundamental is too often forgotten. Their superiority lies in the training they give their people who meet the public at the place where the public has relations with the company—the telephone. You are all familiar with the telephone operator with a smile in her voice—the girl who makes you forget that wrong number. She was properly trained; she is a salesperson. Proper personnel training programs are the basis of the companies' public relations. This matter of training is not something which we can toss off lightly. It is a big job and a tough one in any organization, regardless of size; but like any other job it can be done, and done well, if we make up our minds to do it.

What We Should Strive For

What is it we should strive for in our training programs which will make for good public relations? The first necessary requirement is a sincere desire on the part of management to do the job. Employees cannot manufacture a public relations philosophy that does not exist with management. It must of necessity start at the top and work down through the entire organization from the president to the janitor. It must come from the top. It cannot be developed successfully from any lower level in the organization without the active support of the top management.

In this connection I am reminded of a newspaper cartoon of a pompous-looking fellow with a "gates ajar" collar talking to a new office boy. "I want you

to know," he said, "that you will be working for a firmly established institution. It has weathered one depression, two fires, and a joint-checking account with my wife!"

The responsibility for the development of employees lies with management; there are times when management needs to be reminded that its primary function is not the management of things, but the development of people.

I know of one chap, the president of a large printing firm, who is doing an outstanding job of public relations in his company. He was formerly its sales manager. He has the happy faculty of making people want to "do or die" for him and the business. He is one of the few men I know who has succeeded in keeping the old "college try" in business. His system is so simple that it is difficult. He makes it his business to know every one of his employees by name. He takes time to walk through his plant frequently, to call his people by name and stop to chat with them for a moment. He likes people.

If one of his salesmen gets out of line, he never cracks down on him in a sales staff-meeting. He handles the matter indirectly. For instance, if Johnny Jones has been doing too much "celebrating" at conventions, he does not openly reprimand him in front of the group. Instead, he will address his remarks to some of the younger salesmen. He will say, "Now when you make conventions, you are there for business. Take a tip from Johnny here and quit after the first or second drink." It does not take Johnny long to realize that the boss is telling him to cut down on his drinking at conventions; he knows very well that he has not been stopping at one or two. This organization is "tops" in its training and public relations, because it starts where it should, at the top.

It has been said that 85 per cent of job success depends upon getting along well with people. Fortunate indeed are those who are born with this aptitude. But it is equally fortunate that this is something that can be studied, learned, and used just as readily as any other subject. The underlying factor is courtesy—the Golden Rule in operation. Courtesy is the lubricant that makes it possible to operate business smoothly. It is as essential to business as oil is to an automobile. Courtesy costs so little and pays so well. We never know when an act of courtesy will make new friends for us and for the company we represent. Similarly, a discourteous act may break a long-enjoyed friendship. There is only one safe rule—"always be courteous."

Some of the "symptoms" of courtesy are: first, a smile. Wilbur D. Nesbit was right when he wrote:

"The thing that goes the farthest
Toward making life worthwhile,
That costs the least, and does the most,
Is just a friendly smile."

It cost a company $5,000.00 to bring their salesmen from all parts of the country to New Jersey for a sales meeting, but the man who engineered it thought the money would be well spent. He had no trouble convincing his president of that fact. Thomas A. Edison was the president's name. From all points of the compass men came to this mysterious meeting, for they were told simply to report and not the purpose of the meeting. This they soon discovered.

The sales manager introduced Jay B. Iden, identified him as a noted theatrical director and turned the meeting over to him. "Gentlemen," began Mr. Iden, "I have brought you here to teach you how to smile." For two full weeks he taught them that and nothing more. Each one he took separately; each he drilled; each he coached. It sounds silly, does it not, to spend $5,000.00 to train grown up men how to smile? But during the next six months the business of the Edison Company increased 15 per cent at a time when business was hard to get, all because the salesmen had learned how to smile.

Many writers have said many pleasant and interesting things about smiles, enough to convince anyone who deals with people that his greatest asset is a smile. Yet eight persons out of ten do not know how to smile, believe it or not! This smiles' clinic revealed that when the ordinary person believes he is smiling he is actually smirking. A smile wins business; a smirk loses it. The difference? It is slight. It is in the eyes. In a true smile, the eyes also smile, while in a smirk only the mouth smiles. And the difference is enough to win a man's friendliness and business or to make an enemy of him.

The second prerequisite for courtesy is friendliness. This means many things. It means your smile, the tone of your voice, the way you look. It is saying, "I am glad to see you," and meaning it. When I think of the term friendly, I am reminded of the little black dog at our house. She is just a dog—nothing fancy about her, no pedigree—but she is friendly. We got her especially for our boys. In her puppyhood she was a

trial and tribulation; but she has been worth it. She has become the official family greeter. Every night when I come home from work, or when the boys come home from school, she is there to greet us with her tail wagging, her body wriggling all over, trying to say and show in every way a dog can that she is mighty glad to see us. And the longer we have been away the more enthusiastic is her reception. I have learned a great deal about being friendly from this dog.

Third, call the customer by name. It has been said that the sweetest sound in any language is the sound of a person's own name. Quite the best compliment you can offer a person is to remember to use his name. Honor him in this manner and he is your friend at once.

Fourth, show an interest in him and make him feel important. In his contact with people, an individual is motivated by the things that are said and done which tend to enhance his importance. The longing almost as deep as the desire for food or sleep is the desire to be important. A man wishes to have prestige among his fellow men. He wants appreciation, recognition, encouragement, respect, sympathy and prestige.

We Must Help People

We must realize that people do business with us, not because of us, but because we can help them. We can show in many ways that we believe that the man or woman with whom we are dealing is important. It is not a matter of flattering him, because he really is important. He is entitled to all of the consideration we can give him. And, incidentally, snap judgments of people are oftentimes faulty. A man may wear a red necktie, a green vest and tan shoes, and still be a gentleman.

Next, give him prompt and efficient service. As every businessman knows, prompt and efficient service is vital in cementing business relationships. If you go into an eating place where the service is good and the meal is right, the chances are you will go back again and again. If the service is poor, you may never, and probably never will go back. Or, if you go into a store where the service and the merchandise are all you could expect them to be, you will probably become a lifelong customer; but if the selling psychology is wrong and the goods are not satisfactory, the chances are your first contact will also be the last.

Last, thank the customer and invite him to come in again. Never be afraid of overworking the phrases "thank you" and "come in again." If you really mean it when you say it, it will tell the customer you really appreciate his business and you will count it a privilege to do more business with him. Recently, I read an article in which the manager of a small loan company told this interesting story: "For years I have had five cashiers in my office. One of these cashiers has always had the best record of collections of any of them. He sent out fewer threatening letters and sent the lawyers after his customers fewer times than any of the rest. This has been going on for years, but only last month did I determine what made that cashier so successful.

"We make loans to lower middle-class people," he continued. "Papa works all day so Mamma makes the payments. There is no one to leave the children with when she goes out, so she brings them with her when she comes to make a payment.

"Under his wicket, this particular cashier had a glass bowl. It was full of lollipops that cost him perhaps a quarter of a cent apiece, and every time a child came along, he would give him a lollipop. So those children were actually urging Mamma to come down to the loan office to see that nice man who has the lollipops!"

We have heard that sales are the key to postwar prosperity—the key to more good jobs. And successful selling is dependent upon good public relations. Let us take an example of concrete, practical public relations in the sphere where we find the greatest amount of public relations—in the sales sphere. The automobile industry had the greatest record of sales of any industry in America, but the industry did not always know why it did things the way it did them. Some years ago, a small dealer was having trouble getting the appraisals of used cars accepted on the first offer. He decided to do what any sales manager ought to do but won't unless he is public relations conscious. This dealer decided to go out to see what his salesmen were doing after the customer drove his old car into the yard for an appraisal.

He saw the salesmen poke the upholstery; slam the doors; race the motor; kick the tires. He thought, "I wonder why they kick the tires. That man still owns that car. He knows I am not going to give him any more than I have to for it. Yet here my men are, kicking his property around." So he told the boys, "Cut it out. Don't do it any more—stop kicking the tires." A strange thing happened; the percentage of appraisals accepted on the first offer went up immediately.

Some time later, the Chrysler Corporation hired a psychologist to make a national survey which proved that the American public has never liked to have its tires kicked. Here was a great, successful industry which actually permitted a poor public relations operation to take place—an operation which prevented sales instead of increasing them.

An instrument in business which should receive special attention in our public relations is the telephone. An important part of our business is handled over the telephone, and everyone who uses the telephone has an opportunity and an obligation to make friends for the business. If the following fundamental rules are practiced continuously, our public relations will benefit immeasurably:

Answer promptly. Nothing is more irritating than waiting for someone to answer.

Always use an identifying name. Anonymous Al picks up the 'phone and in a brusque, preoccupied and not too friendly voice says: "Yeah?" For all the customer can tell, Al may be speaking for Schultz's Pool Parlor. With a trifle extra breath, Al could say: "Jones speaking." He could also put an end to the time-wasting, out-of-date "hello"; for example, say, "Mr. Jones speaking."

Speak distinctly. Do not be a Mumbling Mervin, who thinks he is the famous Greek orator Demosthenes; talks with pebbles in mouth, or cigarette, or chewing gum. He says, "Mhmmphn speakin'," then becomes angry when asked to repeat. After all, he can hear you, can't he? Do not mumble; do not whisper; do not shout. Speak directly into the transmitter. And do not try to talk with a cigar, pipe or pencil in your mouth.

Handle the call yourself if possible. Do not transfer it to someone else if you can obtain and give the answer just as quickly. The other fellow won't want to go over the same ground twice, once with you and once with the person to whom the call is transferred; that is a nuisance.

Keep a pad and pencil close at hand. You know how disgusted you get with disappearing Dot. When a caller requests information, Dot answers, "Holawire" and leaves for parts unknown. Caller does not know if she is coming back and gets a sore arm holding the 'phone. Eventually Dot returns but the caller has hung up. A bad impression is made when you say, "Wait a minute. I want to get some paper and make a note of that." If you do have to leave the telephone to consult records, or otherwise keep the customer waiting too long, offer to take his number and call him back. Then be sure to do so—as soon as possible. The person you are calling does not want to waste his time holding the line, until you are ready to talk.

Answer Telephone Promptly

When away from your desk or office, be sure that someone will answer your telephone and know when you will be back or where you can be reached. Otherwise, valuable time—customer's time—will be wasted.

Be considerate. Do not interrupt, argue or become impatient. Listen attentively. Do not make the customer repeat because of inattention on your part. Show your interest by your pleasant tone of voice and by what you say. Get his viewpoint. Remember, when you are talking to a customer his impression of the business is what *you* make it.

When you have finished talking say "Good-bye" pleasantly and replace the receiver gently. Do not end the conversation by slamming the receiver back—and giving the customer a "bang in the ear." That makes anything but a good impression.

Not long ago American Airlines made a scientific study of how a telephone should be answered. They even published a booklet about it. Study revealed that not only were their relationships with their customers better after personnel were trained to do this particular job, but their volume of business was larger too. A large drug company also studied the telephone operations in their offices. In their wholesale outlets they found they were doing a poor public relations job. They had placed this important public relations function in the hands of untrained $35.00-a-week girls; they were not only losing sales, which is the profit aspect of public relations, but they were also losing in good relations with their customers.

You cannot say that this is not your job because you are not a public relations man. You cannot assume the position that Dr. Dafoe, who delivered the quints in Canada, used to assume. Occasionally, the good doctor would preside over a single birth. When he did, the father would usually be a little upset at the small return on his investment. "Doctor," he would ask, "What do you have to do to get quintuplets?" And the good doctor always replied, somewhat huffily, "Sir, that is not my end of the business."

You cannot say that this is not your end of the business; we are all in this together. *Public relations is everybody's job.* ★★★

Joint Conference Plans

Elaborate plans have been made for the combined Annual Conference of the Fifth and Thirteenth Districts of the National Retail Credit Association, the Associated Credit Bureaus of America and the Credit Women's Breakfast Clubs. The Conference is scheduled for February 14, 15 and 16, at the Oliver, LaSalle and Hoffman Hotels, South Bend, Ind. District Five is composed of Michigan, Ohio, Kentucky, and Ontario, Canada; while District Thirteen includes Indiana, Illinois, and Wisconsin (except Superior).

M. J. Barnfield, Program Chairman for the Joint Conference and Credit Manager of George Wyman & Co., presided at a recent Conference planning meeting. Members of the N.R.C.A. Districts who attended this planning meeting were: President, District 5, and Conference Chairman, H. J. Crouch, Louisville, Ky.; President, District 13, A. B. Hunter, Chicago, Ill.; and Secretary-Treasurer, District 13, Mrs. Harriet Jewell, South Bend, Ind. Those present representing the A.C.B. of A. were: President, District 5, Ralph Hostetler, Anderson, Ind.; Public Relations Manager, District 5, Maynard Heacox, Anderson, Ind., and Chairman, Collection Service Division, D. W. Prohazka, Sault Ste. Marie, Mich. The Credit Women's Breakfast Clubs were represented by: Program Chairman, District 13, Nelle Stombs, Rock Island, Ill.; and 1st Vice-President, District 13, Mrs. Dorothe Bolte, Joliet, Ill., Edith Henderson, Lorain, Ohio, substituting for 1st Vice-President, District 5, Gertrude Blazer, Cleveland, Ohio; and Mrs. Florence Murphy, George Wheelock & Co., South Bend, Ind. Many credit bureau managers from the various towns in the Districts were also present. Several members of the South Bend groups also attended, including Lloyd Waterson, Manager, Credit Bureau of South Bend, who was recently elected President of the Associated Credit Bureaus of Indiana.

Registrations for the Conference will begin Friday, February 14. Board and general meetings of the Credit Women's Breakfast Clubs will be held Friday morning and afternoon, and will close Saturday morning with a breakfast and general meeting. A candlelight installation service for new C.W.B.C. District officers will be a highlight of this last meeting. Mr. Hostetler, head of the credit bureau groups, announced that their meetings would also convene on Friday. Plans have been made for a joint meeting Saturday noon, followed by separate meetings again for the balance of the Conference. The credit executives group plan to hold department meetings Saturday morning, and joint meetings with the bureau groups in the afternoon. Sunday morning an open forum meeting of N.R.C.A. groups will be conducted. In the afternoon members will gather for individual district meetings again before adjournment on Sunday evening.

Between five and six hundred are expected to be in attendance at this Conference. Plans are being made for a songfest and get-together for all groups Friday evening in the Rotary Room of the Oliver Hotel. Visiting wives will be guests at a luncheon and entertainment program Saturday afternoon. That evening all members and wives will gather for the Annual Banquet and Dance, which will take place at the Oliver Hotel.

What Is the Most Important Cr

Opinions of Management

First of all, in the automobile business credit granting is based on collateral, as well as the customer's character, so that our policy differs from that of most of your members. For us, then, the main problems in 1947 are: (1) Maintaining proper customer equities in durable merchandise, payable on the installment plan under any unstable or declining price conditions; and (2) Passing credit on young risks with previously unestablished credit records, uncertain ability to pay and an unintentional zeal to overbuy on credit. A combination of these two factors would just accentuate the credit problem.—Wm. H. Baldwin, Vice-President, General Motors Acceptance Corp., New York, N. Y.

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We feel that the continued adherence to the terms and payments as required under Regulation W is the most important credit problem for 1947; customers have become accustomed to this mode of payment and we see no reason to begin selling terms instead of merchandise. It will be our policy to continue as though Regulation W were still in effect.—Charles E. Evans, Assistant Secretary-Treasurer, The Aug. W. Smith Co., Spartanburg, S. C.

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Credit control is a major problem for 1947, since the war years have matured a generation of potential credit customers, who, without credit buying experience and because of easy money, will naturally have a tendency to overbuy. The same applies to older buyers who in going through the past few years of "plenty money" have forgotten about lean years and will need supervision during the transition from higher to lower incomes. Our second big problem is reconversion of the minds of buyers and sellers from wartime to peacetime operation. Merchants and customers for several years have been thinking in terms of operating on a cash basis. In reconversion of thinking there will be a tendency to sell credit instead of merchandise. This problem must be watched.—Myron Everts, Secretary-Treasurer, Arthur A. Everts Co., Dallas, Texas.

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During the last few years many customers have changed their classification from that of a poor risk to that of a good risk, simply because jobs and money were plentiful and made it easy for customers to pay their bills. But when this boom period is over and there is more competition for jobs, which of these customers will become sub-marginal wage earners unable to make a salary sufficient to meet their obligations? Which ones are inherently poor risks unless the going is exceptionally easy? Which ones can adjust their budgets to fit their reduced incomes? Credit granters will have to lean more and more upon the services of their credit reporting bureaus for reports that go back into the history of the debtor far enough to give a picture of his credit experience in bad times as well as good. Credit reports must be complete, indicate the character of the customer and his capacity to pay.—Donald H. Farr, Manager, Farr & Elwood Co., Coquille, Ore.

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At the expiration of Regulation W the merchants of this country inherited the finest, cleanest credit structure they have ever had. It will be well for these credit men to make every effort to keep it so.—W. A. Green, Jr., President, W. A. Green Company, Dallas, Texas.

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The most important credit problem for 1947 will be the adoption of some form of community credit policy, embodying sound principles which would prevent the abuses of pre-war, installment selling.—J. A. Hendry, Secretary, Jas. A. Ogilvy's Limited, Montreal, Quebec, Canada.

As wartime restraint and restrictions are eliminated many lending agencies and merchants may be too eager to build up a volume of business without regard to the soundness of credit. Many will have the tendency to increase terms, reduce down payments and cut off two or three days or more at the end of each month at statement time. A maximum of three days to allow time to prepare the monthly statements is not unreasonable, but when they increase the number of days cut off for competitive purposes it is not sound credit. In other words too many will sell terms instead of merchandise and the terms will be based on getting more business without thought of good sound credit policy. The old adage 'The proof of the pudding is in the eating' can also be applied to credit: 'The value of the sales is in the collection of the accounts.'—George D. Jorgensen, Vice-President, Iowa-Des Moines National Bank & Trust Co., Des Moines, Ia.

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The problems which now confront the retail credit granter are many and great. Because of government restrictions and economic prosperity, the credit problem in recent years has been easy. We welcome the retirement of the government from the field of credit regulations. We have every reason to expect that economic conditions will not continue at their present high level. In recent months nearly every store in the country has shown a sharp increase in its bills receivable. Briefly, the important credit job will be to guard against unsound practices and to get back to doing the things that have always comprised good credit office operation.—Frank M. Mayfield, President, Scruggs-Vandervoort-Barney, Inc., St. Louis, Mo.

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During the war period, problems of credit granting and collection became subnormal; but the elimination of controls and the gradual reduction of the abundance of cash in many hands have reversed the trend. Now the capacity and energy of the sound and experienced credit manager will become more apparent. Some of the new arrivals in the field may be surprised at the changes, but not so the old hand. He will continue to regard the credit department as a selling branch of the business and will not regret the passing of controls which limited his operations. Consequently, he will not now crave an iron-clad community credit policy, nor will he deplore the rise in accounts receivable balances nor the greater effort and intelligence required to cover collections properly. Top management must also be prepared for these changes and avoid comparing future indices with those of the war period, as though the latter were suitable criteria.—D. E. Moeser, President, Conrad & Co., Inc., Boston, Mass.

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The most important retail credit problems in 1947 will be: 1. Careful examination, by credit departments, of prospective new accounts, should be the fundamental basis of all credit granting. It is by far the most important function of the credit executive since all that follows in credit procedure is wholly dependent upon the thoroughness with which the initial investigation is completed. 2. Adequate follow-up and regulation of past-due accounts in a way that is not distasteful to the consumer means the success or the failure of the credit department of a business, as a producing department. Goodwill can be created or destroyed by the credit department depending upon the way this function is conducted.—Jay Iglauer, Executive Vice-President and Treasurer, The Halle Bros. Co., Cleveland, Ohio.

Opinions of Credit Executives

The retail credit granter's preparation for 1947 might well be to make a careful review of present methods and policies. A job evaluation and improved training program might be of benefit, as our techniques have probably suffered during the war

Problem For 1947?

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and the immediate postwar period. Careful planning and a combination of sales promotion and control is advisable, as we are entering a promotional era, with a not too stable national income.—Harry L. Bunker, Credit Manager, H. C. Capwell Co., Oakland, Calif., President, National Retail Credit Association.

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During 1947 the problems of credit management will be returned to the credit manager. It will be a matter of only a few short months until all credit restrictions are removed. One of the big problems will be adjusting credit departments and credit personnel to assume once again full responsibility for credit management. Since so many people entered credit work during recent control years, it seems to me that credit schools or clinics would be a great help in this readjustment period.—Earl Beard, Jr., Assistant-Manager, Credit Department, National Bank of Tulsa, Tulsa, Okla.

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There are a number of problems facing the credit granter in 1947. However, I believe the most important one is going to be collections. With the constant increase in high prices we have had during 1946, many people in the lower income bracket are using up the savings that accrued during the war and their present wages will not allow them to spend as freely. High prices also indicate that most accounts on our books are overbought. So collections are going to be a major problem. We have a warning of what is coming in the falling off of collection percentages for the last three months. Watch collections in 1947!—H. J. Burris, Manager, Monthly Account Sales, John Taylor Dry Goods Co., Kansas City, Mo.

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The most important retail credit problem of 1947 is that of restoring the proper service to our charge customers. The niceties of business have been sadly neglected during the war years. Many of our credit office employees never handled an account except under regulated terms. They must be taught how to extend credit wisely and how to collect pleasantly. Individual accounts must be studied so that proper control may be maintained over those few who might overbuy. Training of employees and control of accounts are two equally important problems. Handle the first wisely and the second will naturally be done as well.—C. G. Evans, Credit Manager, The Halle Bros. Co., Cleveland, Ohio.

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The most important credit problem facing the retail credit granter for 1947 will be a tendency of the customer to overbuy and in some instances the creditor to oversell. Suggestions for remedying such a situation are: First, form and maintain a sound credit policy on your regular charge accounts; second, keep your credit information up to date, as the customer's credit status is changing rapidly; third, maintain a strong but courteous collection policy; and fourth, watch closely the changing trends in business.—Porter L. Hall, Department of Accounts, Sanger Bros., Dallas, Texas.

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The most important credit problem for 1947 will be to refrain from competition in credit terms. Since Regulation W has been partially abolished, it is a problem for everyone to stay as close to the old Regulation terms as possible. The customer was educated to those terms during the war and he knows what to expect.—Z. M. Hawk, Department of Accounts, Sanger Bros., Dallas, Texas.

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The most important problem confronting the credit granter in 1947 will be to prevent loading his books with weak credit risks, by checking credit records and carefully analyzing qualifications of credit applicants. Many people have changed jobs and many more have come back from the service to take new jobs, which they may have changed several times already. Then, too, it will be a major job to determine how much to sell each customer and what limits to place on each account.—A. B. Hunter, Credit Manager, The Rudolph Wurlitzer Co., Chicago, Ill.

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The problem is one of fear that competition will break down the credit standards we have all worked so hard and long to build up. It is the fear that we cannot hold any line at all. The answer rests with each credit granter as an individual.—Sam A. Ivey, Credit Manager, Louis Pizitz Dry Goods Co., Birmingham, Ala.

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There are many new problems to be solved in the retail credit field during 1947. An important one is the elimination of the competition for terms between retailers. Another problem for credit granters is to educate customers to buy what they need as they need it, but to stay within their ability to pay. The present trend of increased buying and, at the same time, increase in overdue accounts must be watched closely and controlled so that overdues do not become excessive and eventually turn into losses.—Chris Jensen, Credit Manager, The Crews-Beggs Dry Goods Co., Pueblo, Colo.

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Nineteen hundred and forty-seven will present many important retail credit problems, each of which will require considerable thought and planning on the part of the credit executive. To begin with, more emphasis must be placed on customer good will through courteous service and efficient operation. During the war, there was a gradual breakdown of our usual standards due to causes beyond our control. This can be corrected to a great extent by more emphasis on personnel selection and training of both new and old employees. More time and study should be devoted to credit sales promotion of both new and inactive accounts. With real wages growing smaller, collection of accounts will be more difficult, compelling us to adopt more aggressive follow-up than has been required during the last few years.—William J. Kirby, Credit Manager, Gilchrist Company, Boston, Mass.

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The most important credit problem for 1947 is to tighten our controls and step up our collection procedure. During the period Regulation W was in effect this was not necessary, as the frozen accounts clause of the Regulation protected us to a great extent from customers buying too heavily in relation to their ability to pay promptly. Control is particularly necessary, in the event of a Recession or Depression during 1947 as some economists seem to feel is bound to happen.—J. A. Koverman, Credit Manager, Desmond's, Los Angeles, Calif.

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Because of the increase in commodity prices and the rise in living cost, charge account buying will be on the increase. The credit granter desires increases in credit buying. But the major problem confronting him is the establishment of a credit policy in the face of retail competition induced by the influx of merchandise unavailable in recent years and also due to the decontrol of the major portion of Regulation W. He must combat installment term competition, by those merchants who will weaken the credit structure by offering merchandise on unsound terms and by selling terms instead of merchandise. —Aaron Littmann, Credit Manager, Gem Jewelry Co., Beaumont, Texas.

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1. Competition in terms, other than in merchandise. Due to the lifting of Regulation W, merchants everywhere will be confronted with this difficult problem. As merchandise becomes more plentiful the tendency will be more and more toward competition in terms. 2. A tendency to overbuy in order to maintain the present high standard of living is another important problem. As earnings shrink because of higher liv-

ing costs, this tendency will become more pronounced.—Fred C. Marth, Credit Manager, A. Harris & Co., Dallas, Texas.

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The most important thing to remember in granting future credit is the policy of the individual store. All large and reputable firms will attempt to keep accounts within a 60-day period and will also attempt to secure a third-down payment or a substantial deposit on any contract and limit the time to one year. In so doing our collection percentages will continue to remain high, and we will not allow them to sink to the absurd low, prewar levels. Accounts receivable are decidedly on the increase and it is the duty of each credit granter to educate new customers to pay their accounts promptly. He must also help his old customers to continue the prompt-pay habits they developed while the government regulation was in force. He should also try to prevent overbuying, by controlling the amounts purchased on open and installment accounts.—H. M. Martin, Credit Manager, The Addis Co., Syracuse, N. Y.

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Our important problems in the year ahead are: (1) To control overbuying and pyramiding on open charge accounts; (2) To educate customers to the desirability of prompt-pay habits; (3) To build or maintain a strong collection department that can promptly and thoroughly service past-due accounts; and (4) To impress upon the customer, more than ever, at the point of interview, the necessity for prompt payments and for staying within the limits set on his account.—C. F. Matthews, Manager of Credit Sales, Kahn's, Oakland, Calif.

Opinions of Bureau Managers

The most important problem facing both credit managers and bureau managers is selling management on the need for a flexible control on 30-day accounts. Thirty-day accounts have always had a rather elastic meaning where the buying public was concerned. Terms have been stretched to 60, 90, 120 days and even 6 months; yet, with such slow-paying habits, many still consider themselves good customers. This is an individual store problem and must be worked out as such in each store in every town adhering to some pre-determined program of control setup between management and credit department. If we are to maintain a good control and sound credit granting, we must all work toward this goal of coordinated effort.—Howard G. Bennett, Secretary-Manager, Lexington Credit Bureau, Lexington, Ky.

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Pine Bluff's biggest problem for 1947 seems to be readjusting charge accounts. We must take into consideration the arsenal worker, accustomed to big wages and easy spending, who must now adjust himself to a reduced budget. We must also consider the white-collar worker who got along during the war by doing without; now he must make purchases at a time when his pay checks will not cover the cost of necessities.—Margaret Bishop, Secretary, Credit Bureau of Pine Bluff, Pine Bluff, Ark.

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Closer cooperation between credit executives and credit bureau executives will be the solution to the greatest problem in 1947, because credit granting will be put to a test. In 1946 the start was made in this direction through the appointment of a committee of credit executives by the National Retail Credit Association to work with a similar committee from the Associated Credit Bureaus of America. The committees took their assignment seriously as did a similar group from the National Retail Dry Goods Association; the groundwork was laid, and the matter came right out in the open. Results have already shown the value of the project. The continuance of the work of the committees will cement the working arrangement into a machine that will guide and control the credit structure, aid in preventing either a boom or a bust, maintain the enlarged national income and help business, large and small, in having normal percentages of collections and a minimum of bad debts.—A. B. Buckeridge, Executive Manager, Credit Bureau of Greater New York, New York, N. Y.

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In 1947 the retail credit granter should discourage overbuying by having an established relationship between income and expenditure. A high point has been reached on cars and appliances; incomes are dropping. Little has been saved of the high wages earned; many are already borrowing to pay bills and meet current living expenses. Some merchants will offer long time-payments on installment contracts at high prices, which will make payment difficult if incomes decrease. Many borrowers expect to use the same money to pay several bills. Credit granters should explain that money can only be used once and discourage too much optimism in buyers.—Mrs. J. M. Bishop, Manager, The Credit Exchange, Thief River Falls, Minn.

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1. To provide better training methods for credit department and credit bureau personnel. The public thinks that since the war is over, business should again provide 100 per cent service. Consequently, consumers will be less tolerant of inefficiency, mistakes, etc. 2. There must be an improvement in methods of controlling charge limits and collection follow-up. 3. It is likely that credit granters should revise present standards for passing on credit applications. Some of the factors now considered important may not weigh as heavily as in the past; and changed conditions require that new factors be considered when judging credit risks. 4. Creditors must share with credit bureaus the responsibilities for improving credit bureau service. They can cooperate by speeding up reference clearances, by adopting multiple copy forms, by mailing inquiries to the credit bureau on non-rush cases. Finally, they can help in meeting the increased costs which have affected bureaus the same as the members.—Harland C. Bush, Manager, Credit Bureau Division, Retail Merchants Association, Buffalo, N. Y.

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The most important retail credit problem for 1947 is not so easy to define in a few score words. This year, it is not enough to say that the answer lies in careful choosing of credit risks; in complete credit bureau reports; or, in the exercise of unusual brain power. Those are eternal truths, but they are also worn-out platitudes. In 1947, everyone will need something expensive in the way of replacements. Such articles, generally known as hard merchandise, range all the way from automobiles to vacuum cleaners and are relatively high in unit cost. Millions of individuals will be more than potential customers; they will be active, insistent buyers. The signs point to sustained individual incomes and increased volume of production in all lines. To oversell will be the greatest temptation of all. To refrain from overloading the customer will tax the ingenuity and the mental resources of all our credit executives.—Frank T. Caldwell, General Manager, Retailers Credit Association of San Francisco, San Francisco, Calif.

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The greatest problem confronting the credit granter in 1947 is maintaining a healthy credit condition and keeping accounts receivable at a minimum for safety of operation. —C. A. Chaffin, Manager, Rome Retail Credit Bureau, Rome, Ga.

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The year should offer nothing that the past decade did not experience. Slow collections, overbuying tendencies, competition in terms, and vying for profitable credit accounts, are all going to descend on the credit man overnight; but the credit granter who has an experienced, satisfied staff will take it all in stride. Unfortunately, such situations are few. For most credit managers, the short-sighted policy of underrating and underpaying credit personnel has boomeranged. Alert management, caught in this condition, will take speedy action to build competent staffs. The premium paid will be insignificant compared to the losses from ill-advised turndowns, high charge-offs and collection expense, and customer ill will that results from cheap, incompetent credit personnel.—C. S. Carnes, President, Credit Bureau of Albuquerque, Albuquerque, N. Mex.

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In our particular community, our problem will be seasonal trends. With Regulation W gone, the old story of competiton begins. It will develop into the pyramiding of accounts; before the credit bureau can get the proper picture, individuals will be indebted far beyond their ability to pay promptly, as they were required to do under Regulation W. If the credit bureau is to be of any value to its members, its problem will be to get the necessary information and keep it posted up to date.—Alice M. Codden, Secretary, Merchants Credit Association, Superior, Wis.

(To be continued next month.)

CREDIT FLASHES

William J. Preusser

William J. Preusser, Assistant Credit Manager, Famous-Barr Co., St. Louis, Mo.; Past-President, Associated Retail Credit Men of St. Louis; former Chairman of the Educational Committee of St. Louis Association; lecturer and student of consumer credit, passed away December 31, 1946.

For 22 years "Bill" Preusser and I were intimate friends. Our business association, too, was most happy and congenial. His constructive contributions in words and works made for better credit relations in St. Louis. He also had many friends among the credit men of this city.

Not only St. Louis, but the credit fraternity generally is the loser in the passing of William J. Preusser. Just as the old year drew to a close he finished his work on this earth, to begin with the New Year a life which will last for all eternity.

Mr. Preusser is survived by his wife, Josephine Preusser, and one daughter, Ruth Preusser, a talented, accomplished pianist.—A. J. Kruse, *Manager,* Credit Bureau of St. Louis.

William J. Preusser was one of Famous-Barr's most efficient and loyal credit men. He was a grand man—kind, gentle and courteous. He was always a loyal worker in our Retail Credit Men's Association in which he held practically every office efficiently, including the presidency. In his last office, that of educational director, which he leaves vacant, he did an outstanding job.

His place will be difficult to fill, both with Famous-Barr and the Credit Men's Association. Mr. Preusser was a member of the National Retail Credit Association for many years. His host of friends will miss him, but his memory will be long cherished.—C. F. Jackson, Former Credit Manager, Famous-Barr, St. Louis, Mo., honorary life member, National Retail Credit Association.

New Honor for A. F. Kuhleman

At the last regular meeting of the Houston Retail Credit Association, A. F. Kuhleman was presented with a life membership in the Association. He is President of Krupp and Tuffly, Houston, and for many years, Credit Manager. He is a past president of the Houston Association and a member of the Quarter Century Club of the National Retail Credit Association.

Fred C. Leiding in New Position

Fred C. Leiding, native St. Louisan, was named credit manager of American Sporting Goods of St. Louis, Mo., effective February 1. The announcement was made by Harold Siebens, president of the company.

Mr. Leiding was formerly associated with Famous-Barr, St. Louis, where he handled accounts payable, pay roll, set up and managed the employees' retirement plan. During the war years, he assisted in organizing and maintaining OPA's Maximum Price Regulation 580. Prior to that, Mr. Leiding was office manager and accountant for Union-May-Stern in St. Louis.

Coming District Meetings

District Two (New York and New Jersey) and District Twelve (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia and West Virginia) will hold a joint annual meeting in New York, N. Y., March 2, 3 and 4, 1947.

District Three (Florida, Georgia, North Carolina and South Carolina) and District Four (Alabama, Louisiana, Mississippi and Tennessee) will hold a joint annual meeting in New Orleans, La., March 23, 24, 25 and 26, 1947.

District Five (Ohio, Michigan, Ontario, Canada, and Kentucky) and District Thirteen (Illinois, Indiana and Wisconsin, except Superior) will hold a joint annual meeting in South Bend, Ind., February 14, 15 and 16, 1947.

District Six (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Superior, Wisconsin, and Manitoba, Canada) will hold its annual meeting in Cedar Rapids, March 16, 17 and 18, 1947.

District Seven (Arkansas, Kansas, Missouri and Oklahoma) will hold its annual meeting at the Skirven Hotel in Oklahoma City, Okla., February 16, 17, 18 and 19, 1947.

District Eight (Texas) will hold its annual meeting at the Gunter Hotel in San Antonio, Texas, May 11, 12, 13 and 14, 1947.

District Nine (Colorado, New Mexico, Utah and Wyoming) will hold its annual meeting in Albuquerque, N. Mex., April 13, 14 and 15, 1947.

District Ten (Idaho, Montana, Oregon, Washington, Alaska, Alberta, Canada, British Columbia, Canada, and Saskatchewan, Canada) will hold its annual meeting in Vancouver, B. C., May 25, 26 and 27, 1947.

J. Gordon Dakins in New Position

J. Gordon Dakins has been named executive assistant to Lew Hahn, President and General Manager of the National Retail Dry Goods Association. For the past three years he has been Manager of the Credit Management Division of the Association. Prior to that, he was Educational Director of the National Retail Credit Association.

Position Wanted

Young lady with twenty years' experience as Credit Manager and executive accounting with a department store and its branches with a two million dollar volume, desires position as executive with a department store in a mid-western city. Box 721, Credit World.

For Sale

Well established collection agency in a fast growing community of temperate California. Current net earnings can repay buyer the five figure purchase price in approximately 18 months. Three-fourths cash. Box 722, Credit World.

Journeyings of the General Manager ★ ★ ★ L. S. Crowder

HAD PLANNED to spend two days in Houston but was able to finish in one day: this was necessary as the Mobile meeting was advanced a day. Fortunately it was possible to obtain pullman accommodations for departure a day ahead of schedule and this enabled me to reach New Orleans on Thursday morning, November 14.

Met with the Board of Directors of the New Orleans Association on Friday the 15th. It was a dinner meeting at the D. H. Holmes Co., Ltd., restaurant and National Director Evans Roberts, Welch and Levy, and Past Director Louis Selig, Rosenfield Dry Goods Co., Baton Rouge, were present. They expressed themselves as intending to insist upon payment in accordance with Regulation W terms, with the lifting of charge account controls December 1.

Had luncheon with J. H. Bergeron, Rubenstein's, Vice-Chairman of the speakers' program for the conference of Districts 3 and 4 in March, A. C. Artigues, President of the New Orleans Association and Stanley W. Kemp, a member of the committee. The chairman, Armand J. Rodehorst could not be present as he was confined to the hospital from an appendectomy operation.

Calls in New Orleans

Calls were made on E. S. Burke, Gus Mayer Ltd.; E. E. Dellucky, Marks Isaacs; Kaa Blue, Foundation Plan; Ray Haydel, Colemen E. Adler; Leon Lichenstein, Godchaux's; a member of the Quarter Century Club, Hubert Fielder, and Gerald E. Tell, immediate Past President of the Association, both of D. H. Holmes Co., Ltd.; W. J. Fischer, President, Progressive Industrial Bank; Harris Copenhaver, Credit Bureau; A. E. Maurin and W. P. Parkhouse, Jr., New Orleans Public Service; A. L. Tassin, The Kreeger Store Inc., George L. Peterson, Maison Blanche Co.; and J. D. Henderson, Mayer Israel Co., Ltd. It was Mr. Henderson's last day with the company, after many years' service. The following day he was to assume the Managing Directorship of the American Association of Small Business, with headquarters in New Orleans. His successor, W. J. Anderson, whom I met, was formerly with the General Motors Acceptance Corp., in New Orleans.

Was informed by George J. Springer of Katz and Besthoff that he is to install cycle billing this spring and expects to complete the installation by July 1. The company operates a chain of drugstores in New Orleans and is outstandingly successful. It is the first store in New Orleans to adopt cycle billing though I was informed that several of the stores have the plan under consideration. Enjoyed a brief visit with my friend Robert Lienhard, President, D. H. Holmes Co., Ltd., a former credit manager of that company and in 1922-24 a director of the National Retail Credit Association. Was sorry to learn that my good friend, J. H. Smith, secretary of the company, was confined to his home, recovering from a very serious illness. Members of Districts 3 and 4 will be glad to learn that the New Orleans committee is working hard to make the conference on March 23-24-25 a big success from every standpoint.

Left New Orleans Tuesday morning at 8:40 for Mobile for a luncheon meeting of that Association at 1:00 o'clock. Although it rained hard all day, preventing my calling on members nearby, the attendance at the luncheon was very good. It was presided over by J. H. Bealle, Sears Roebuck Co., President of the Association. While W. H. Jernigan, Secretary of the Furniture Association and I could not remain for dinner because of other plans, I did address the Mobile Furniture Dealers Association and found them unanimous in their decision, for the time being at least, to continue Regulation W's terms after December 1 on all types of merchandise including items not covered by the Regulation. After the meeting, Mr. Bealle; W. L. Cornwell, Auto Lec Stores, Inc.; Francis A. Terrill, Sears Roebuck and Co., former Treasurer of District 4; W. H. Jernigan, Credit Bureau; and I drove 18 miles in the rain to Cedar Point Road near Mobile Bay to Scott's Place where we enjoyed a delicious sea food dinner. It was some dinner too. Left for Birmingham shortly after midnight.

Two days were spent there as the weekly luncheon is held on Thursday. Missed Past President Leo Karpeles, who, with Mrs. Karpeles, was in New York. In a letter expressing regret that he would be out of the city, Leo mentioned that, in a contest, he had won a round trip plane ticket to New York, which would prove an expensive prize as he was taking Mrs. Karpeles with him and they would be there a week. On Wednesday evening, I was dinner guest at the Jack-O'-Lantern restaurant in Homewood, a suburb of Birmingham. Present were: B. C. DeLoach, Loveman, Joseph & Loeb, President of the Association; F. B. Burns, Pizitz Dry Goods Co., and Sam Ivey of the same Company, President of District 4; T. A. Nickel, Bromberg & Co.; Paul C. Vaughan, Vaughan-Weil; and W. V. Trammell, Merchants Credit Association.

The luncheon on Thursday at the Tutwiler Hotel, like all meetings of the Association, was well attended. A community credit policy, which had previously been adopted, was to become effective December 1. After presenting the facts from our Washington Representative, R. Preston Shealey, and the Department of Justice, it was decided to discard the plan and to inform all members that they would have to decide on individual credit policies; that there could be no concerted action as to credit terms. Visited the offices of Messrs. Burns and Ivey; DeLoach; Vaughan; Nickel and Trammell.

The Nashville Trip

Instead of leaving on the pullman at 11:00 o'clock, decided to take the *Humming Bird*, a new streamliner on the Louisville and Nashville Railroad from New Orleans to Cincinnati. Left Birmingham at 8:00 P.M., and reached Nashville just before midnight. Had wired Harvey King asking him to change my reservation to midnight arrival. Was surprised to find a delegation at the station waiting for me. The meeting of the Nashville Association was held that night at the Andrew Jackson Hotel and several decided to meet my train. They were: Mr. and Mrs. Lee Enoch; Misses Thelma Greene; Marjorie Odom; and Woodie Harrison; W. Harvey King and R. E. Buckingham, President of the Nashville Association, who personally signed up 75 national members last year. B. G. Carver was delayed reaching the station but joined us later at the hotel. A luncheon at the Hermitage Hotel on Friday was attended by 14 or 15 of the key credit executives.

1946-1947 Membership Prizes

MEMBERSHIP PRIZES will be awarded at the 1947 Retail Credit Conference of the Association to be held at the Jefferson Hotel, St. Louis, Missouri, June 16, 17, 18, and 19, 1947. They are:

Genuine Pigskin Portfolios

1. For the chairman of district reporting the greatest number of new members.
2. For local chairman reporting the greatest number of new members.
3. For president of the National unit making the greatest percentage gain in membership.
4. For secretary of the National unit making the greatest percentage gain in membership.
5. For the credit manager or bureau manager for outstanding membership work.

Gavels

1. For the first local unit organized in year commencing June 1, 1946.
2. For local unit making greatest percentage gain in membership.
3. For local association in cities up to 50,000 population organizing a National unit of 15 or more members.
4. For local association in cities 50,000 to 100,000 organizing a National unit of 20 or more members.
5. For local association in cities of 100,000 to 250,000 organizing a National unit of 25 or more members.
6. For local association in cities of over 250,000 organizing a National unit of 35 or more members.
7. For largest National unit organized in the United States or Canada during the current year.

New Members

National membership as of January 20, 1947, totaled 19,383. Membership by districts exclusive of 1,368 associate members follows:

District No. 1	**851**
District No. 2	**1,305**
District No. 3	**598**
District No. 4	**1,118**
District No. 5	**1,295**
District No. 6	**1,389**
District No. 7	**1,898**
District No. 8	**1,137**
District No. 9	**834**
District No. 10	**3,160**
District No. 11	**1,462**
District No. 12	**2,232**
District No. 13	**736**
Total	**18,015**

For membership material or full details of the campaign, write Harry F. Reid, Membership Chairman, Consumers Power Co., Jackson, Mich., or the National Office, 218 Shell Bldg., St. Louis 3, Mo. Qualify for membership in the 25,000 Club by personally obtaining three new National members TODAY. ★★★

During the day, I called on Ben C. Nance and R. E. Buckingham of the Credit Bureau; Hugh L. Reagan, Cain-Sloan Co., Vice-President, N.R.C.A.; Rhue Roberts, Bell's Booterie; J. E. Pickler, Sears Roebuck & Co.; Miss Annie Mae Polk, Gus Mayer Co., Ltd., a member of the Quarter Century Club; L. L. Wright, Joseph Frank and Sons, Inc.; E. B. Thweatt, Keith Simmons Co.; W. Harvey King and B. G. Carver, Tennessee Adjustment Service. Prior to my departure that evening, Messrs. King and Reagan were my dinner guests at The Hermitage. Mr. Buckingham could not be with us as his daughter was married at 5:00 o'clock that afternoon and Messrs. Nance and Carver had other engagements. Was sorry that I was not able to see P. G. Wright, W. L. Hailey and Co., Past President of District 4, who was confined to his home because of illness.

Reached St. Louis on Saturday, November 23, and was in the office long enough to take care of accumulated correspondence that required my personal attention. Left on Sunday afternoon December 8 for Cedar Rapids, Iowa, and addressed that Association on Monday evening the 9th. It was also my privilege to be present at a luncheon at The Roosevelt Hotel of the Committee in charge of the conference of District 6 to be held in Cedar Rapids, March 16-17-18. The General Chairman is Fred Fluegel, General Manager, Iowa Adjustment and Credit Bureau, Cedar Rapids, Iowa, a former Chairman of the Collection Service Division of the Associated Credit Bureaus of America. Fred and his committee are preparing an interesting program and delegates to the conference will be well repaid for their attendance.

Accompanied by the Bureau Manager, R. E. Walker, calls were made on A. L. Killian, President, The Killian Co.; Miss Josephine Hexdall, Credit Manager of the same company; Berthold J. Newburger, President, and W. A. Koster of the Newman Mercantile Co.; Nicholas P. Craemer, Vice-President and General Manager, H. N. Craemer Dry Goods Co.; and Richard Miller, assistant to Mr. Craemer, who was formerly Credit Manager of Killian's. Also called on Fred Fluegel and H. H. Morse of Armstrong Clothing Co., President of District 6 who is enthusiastic regarding the outlook for the conference in March. Learned that Miss Ida Boettcher, who retired in 1941 after a great many years' service as Credit Manager of Armstrong Clothing Co., was ill. Mr. Walker and I called at her home and enjoyed a pleasant half hour chat with her and her sister. She is still interested in all phases of retail credit and hopes to be well enough to attend the sessions of the District conference. Upon retiring, Miss Boettcher was elected an honorary member of the Cedar Rapids Retail Credit Association.

The dinner meeting at The Roosevelt Hotel was attended by 75 to 80 and following my talk, questions were asked from the floor. After adjournment, Messrs. Walker, Morse, and I accompanied Mr. and Mrs. Fluegel to their home where we spent a delightful hour prior to the departure of my train for St. Louis.

My January trip to several cities in Louisiana, Memphis, Louisville, Lincoln, Topeka and Kansas City will be covered in the March CREDIT WORLD. ★★★

CREDIT DEPARTMENT *Letters*

W. H. BUTTERFIELD

EVER so often somebody sets out to eliminate the word *Dear* from the salutation of business letters. Recently another "campaign" was launched, and perhaps some readers of Credit Department Letters have been urged to shorten the traditional *Dear Mr. Jones* to simply *Mr. Jones.*

The sentiments of this Department were well expressed by Robert W. Osler some time ago in a letter to The Dartnell Corporation, of Chicago. In discussing the simplification of correspondence through the omission of mere business amenities, Mr. Osler observed:

> You can also eliminate *I beg your pardon* when you step on someone's toes, for just what does it mean? You can eliminate *I'm sorry* when you bump into a man on the street . . . half the time it was his fault to begin with, and you aren't the least bit sorry. You can forget the *please* and *thanks* and *may I's,* too. . . .
>
> But these little expressions do make life a bit more pleasant . . . they make business a little more human . . . and since most of us spend half our waking time in business, why not make it a pleasant place to be, even if the pleasantries are a bit less efficient?

Only an hour ago several of us in this office greeted one another with the familiar *Good morning.* Literally speaking, there is nothing good about it. The weather is freezing cold, the streets are slick as glass, an icy wind is blowing from the north. So perhaps our morning greeting should have been *Ugh.* It would save two whole syllables, and probably that would make it more efficient. But we agree with Mr. Osler. The little courtesies of business are worth a couple of syllables now and then.

Probably the correspondence crusader who becomes exercised over the one-syllable *Dear* in the salutation could spend his time more profitably examining the letter body for superfluous words—or just walking in the park, for that matter.

There is a real place in business for those who would improve correspondence standards, for many serious weaknesses still persist in the average letter. But let's not waste time and energy on a single four-letter word—a harmless little word that represents a business courtesy of long standing.

And speaking of business amenities, all four of our February letter examples follow a sound consumer-relations policy—that of treating the customer with genuine courtesy that builds good will.

This Month's Illustrations →

Illustration No. 1, announces the opening of personal charge accounts for New Yorker guests. The message points out specific conveniences to be enjoyed through the use of the credit card which accompanies it. The letter is an excellent good-will builder, chiefly because it makes effective use of the personal tone and presents each thought in terms of the reader's interests. The keynote of the entire message is *service to the reader.* Seldom is the "you attitude" maintained so consistently in a credit promotion letter.

Illustration No. 2, is a collection reminder based upon the co-operation appeal. This message combines the virtue of brevity with a cordial tone and a courteous request. The result is a letter that collects a large percentage of small accounts—accounts that have remained unpaid largely because of oversight on the part of customers. In such cases progressive credit departments enlist customer co-operation through a courteous request—backed up by a logical explanation of the store's position. As shown in *Illustration No. 2,* this procedure stimulates the fair-play impulse on the part of the reader, and strengthens the appeal by crediting him with a desire to co-operate.

Illustration No. 3, follows up the opening of new accounts with a personal note of welcome. This message illustrates the value of a thoughtful gesture of courtesy in building consumer good will. In most cases the new charge customer is highly impressionable, and such a cordial note creates a distinctly favorable reader reaction. From the standpoint of letter mechanics, the message could be improved through revision of the final paragraph. As it stands this paragraph consists of a single sentence which is cumbersome and involved in structure. The following revision makes for easier reading, and also shortens the paragraph by eight words:

> If ever you have suggestions which will add to your pleasure in shopping here, please bring them to my attention either by letter or by a personal visit.

Illustration No. 4, welcomes the return of a charge customer from the "inactive" ranks. This letter achieves its purpose in only sixty words, and its brevity adds to its effectiveness. The reader is made to feel that her return as a credit customer has not only been noticed, but is genuinely appreciated by the store. After acknowledging the renewed use of the account, the writer ties in his message with the cordial business dealings his firm has enjoyed with the customer in the past. The letter concludes most appropriately with an assurance of good service.

The writers of this month's letter examples know the value of courtesy in building strong consumer relations. Their letters prove it. Instead of concerning themselves with the elimination of *Dear* from the salutation, these men devoted their attention to the main objective—the message to be conveyed to their readers. In each case that message was presented in a courteous, friendly letter—the kind of letter that builds good will. ★★★

1

HOTEL NEW YORKER

THIRTY-FOURTH STREET AT EIGHTH AVENUE, NEW YORK 1, N. Y.

FRANK L. ANDREWS, PRESIDENT

FROM THE OFFICE OF
LEO A. MOLONY
RESIDENT MANAGER

January 15, 1947

Mr. John B. Wilson
922 Elmwood Avenue
Springfield, Ohio

Dear Mr. Wilson:

It is a pleasure to tell you that a personal charge account has been opened in your name, which entitles you to the privilege of cashing checks and charging your account at Hotel New Yorker.

Your credit card is enclosed. Since we want it to be of the greatest possible convenience to you, we shall be glad to perform special services for you, such as dispatching flowers or candy locally with your compliments.

We sincerely hope you will find our service a frequent convenience, and that we shall have the pleasure of serving you again soon.

Cordially yours,

Leo A. Molony
Manager

3

Scruggs-Vandervoort-Barney, Inc.

OLIVE AND LOCUST FROM NINTH TO TENTH

OFFICE OF THE PRESIDENT

ST. LOUIS (1)

January 8, 1947

Mrs. Howard J. Brinkman
517 Oakview Drive
Clayton 5, Missouri

Dear Mrs. Brinkman:

It is with pleasure that we welcome you as one of our charge patrons.

Our desire has always been to conduct this store in such a manner that it may serve you to your utmost satisfaction.

If, at any time, you have suggestions which will add to your pleasure in shopping here, I shall be glad to have you bring them to my attention, either by letter or by a personal visit.

Sincerely yours,

President

JM

2

Everything to Wear for Men, Women & Children

PHONE ATlantic 2770

Nebraska Clothing Co

15TH AT FARNAM ST.
OMAHA, NEBRASKA

January 15, 1947

Mr. Donald A. Jenkins
1515 South 34th Street
Omaha, Nebraska

Dear Mr. Jenkins:

Small balances are the easiest to overlook — they seem so unimportant.

But they are really of great importance to us, for individually they will not allow of the expense of letter writing.

We know you will understand our position, and that you'll be glad to cooperate by sending your remittance of $6.10 today.

Cordially yours,

NEBRASKA CLOTHING COMPANY

Credit Department

HOW:AM

THE PLACE TO GO FOR THE NAMES YOU KNOW

4

BURGER-PHILLIPS

BIRMINGHAM 3, ALABAMA

January 10, 1947

Mrs. J. A. Robbins
2358 Prospect Avenue
Birmingham, Alabama

Dear Mrs. Robbins:

Enclosed is your personal Charga-Plate. It is fine to have your account active once more, for we've really missed you.

The cordial business relationship with you, we feel sure, will be as mutually pleasant as it has been in the past. It will be our purpose to serve you so well that you'll want to come in often.

Sincerely yours,

BURGER-PHILLIPS CO.

E. L. Goodman
Credit Manager

Business Conditions and Outlook

• Business Again Starts the New Year at a Higher Level •

BUSINESS VOLUME remains high and at the start of the new year is again higher than it was a year ago. For the ninth consecutive time, business at the end of the year was at a higher level than at the beginning. The rate of industrial production has shown very close to a similar record. It declined slightly in only two years of that period, and is now higher than it was a year ago.

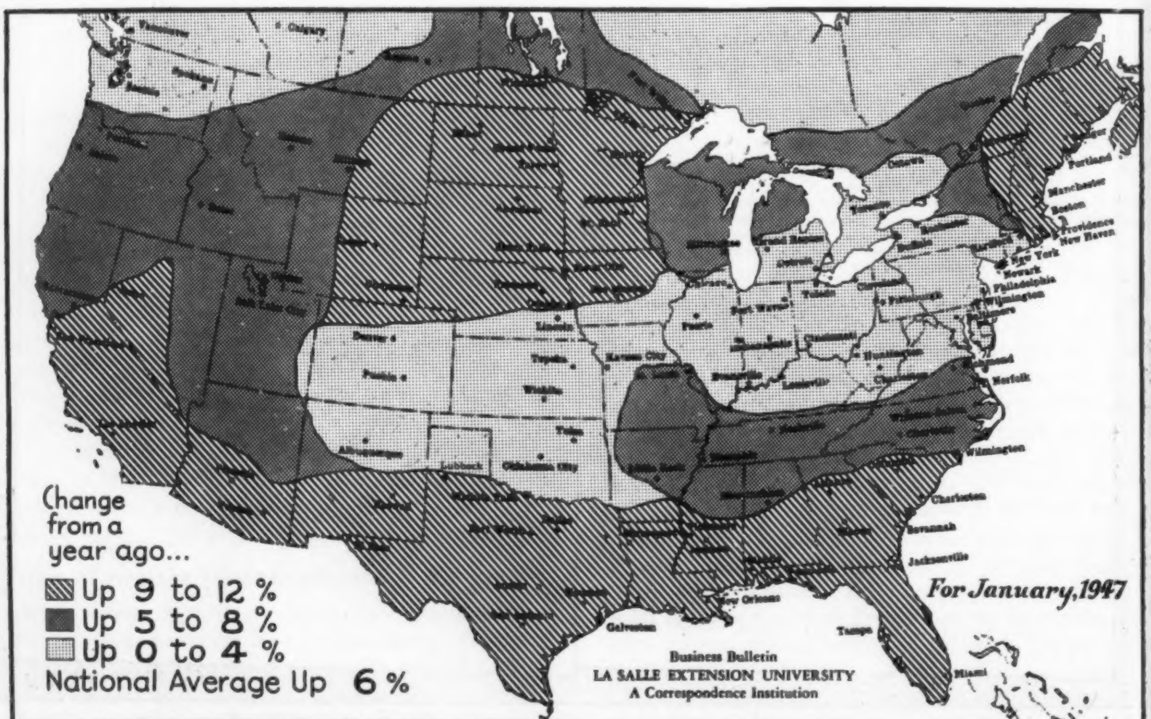
THE VARIATIONS in different parts of the country have changed little in recent months. The La Salle Map shows that the greatest gains over a year ago have been in the agricultural regions, and that in many industrial centers business has expanded very little during the last twelve months. In some centers it is lower, but these areas have not yet become widespread enough to show in the Map.

BUSINESS IS SOMEWHAT spotty along much of the Atlantic Coast, although it has made and held some significant gains in the New England area. The coal strike lowered business volume in many places, especially throughout the East, and many of the losses are being made up slowly. Unless further work stoppages become widespread, the comparisons with the preceding year will be more favorable. Substantial declines took place during the first months of 1946, in most of the major industrial areas.

OTHER REGIONS where conditions are now most favorable are in the South, the southern part of the Pacific Coast region, and the upper part of the Middle West agricultural territory. Good crops and high farm prices account for much of this good showing. The unusually large winter tourist trade has also been a significant factor, and current indications are that it will be far above any previous period throughout the season.

BUSINESS HAS BEEN lagging slightly in the Southwest and in the petroleum producing districts, but even there it is only slightly below the national average. Some improvements, over a few months, have taken place in the Mountain States where mining has recovered much of the losses which were suffered during the declines several months ago. Prospects are rather promising in that section of the country as long as industrial production is maintained, and the demand for raw materials continues to be large.

BUSINESS IN CANADA has been following somewhat the same trends as in the United States, but the expansion in recent weeks has been slightly more marked. Part of the expansion is due to the natural rebound after the extended period of work stoppages in several major industries. The upward trend in industry is being reinforced by more favorable conditions in the agricultural districts, due to the fairly good crops this year. Farm production and farm prices are not only better than last year, but also considerably above average. Large consumer demand is helping to keep the volume of trade and industry at a high level. —BUSINESS BULLETIN, La Salle Extension University, Chicago, Ill.



Monthly CREDIT STATISTICS

Consumer credit outstanding at the end of November 1946 is estimated at 9,189 million dollars, representing an increase of 472 million during the month or about 5 per cent. Approximately half of the increase was in charge accounts receivable, but gains occurred in all types of indebtedness.

Instalment loans outstanding showed a further increase of 4 per cent in November, and at the end of the month were approximately 66 per cent above the year-ago level.

Instalment credit outstanding on automobile sales rose 8 per cent in November, about the same rate of increase which has prevailed since the middle of 1946. Other instalment sale credit showed the customary seasonal expansion and on November 30, 1946, was nearly 46 per cent above the amount outstanding on the corresponding date of 1945.

Ratio of Collections to Accounts Receivable[1]

MONTH	INSTALMENT ACCOUNTS				CHARGE ACCOUNTS
	DEPARTMENT STORES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	DEPARTMENT STORES
1941					
December	20	11	12	23	46
1942					
June	22	14	13	22	56
December	31	18	15	30	65
1943					
June	29	21	21	33	62
December	35	22	22	55	63
1944					
June	31	24	28	30	63
December	36	23	39	49	61
1945					
June	32	23	43	33	64
December	36	24	48	46	61
1946					
January	32	25	52	32	61
February	31	24	51	29	60
March	35	27	53	32	64
April	35	28	56	32	63
May	34	27	55	33	62
June	33	26	55	32	60
July	32	26	56	31	57
August	35	26	55	33	59
September	34	25	52	31	56
October	37	27	51	32	60
November	37	28	48	34	59

[1]Ratio of collections during month to accounts receivable at beginning of month.

CONSUMER INSTALMENT SALE CREDIT, EXCLUDING AUTOMOTIVE

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL EXCLUDING AUTOMOTIVE	DEPARTMENT STORES AND MAIL-ORDER HOUSES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	ALL OTHER RETAIL STORES
1941	1,805	469	619	313	120	284
1942	1,012	254	391	130	77	160
1943	641	174	271	29	66	101
1944						
June	515	138	237	15	44	81
December	635	184	269	13	70	100
1945						
June	532	151	237	11	49	84
December	676	198	283	14	74	107
1946						
January	642	189	272	14	66	101
February	634	184	274	14	62	100
March	641	188	279	14	59	101
April	668	200	288	15	60	105
May	686	206	295	16	61	108
June	699	210	299	17	63	110
July	707	213	299	21	63	111
August	732	222	308	23	64	115
September	756	236	311	25	65	119
October	800	259	322	27	66	126
November	855	285	335	28	72	135

DEPARTMENT STORE SALES BY TYPE

(Percentage of total sales)

YEAR AND MONTH	CASH SALES	INSTALMENT SALES	CHARGE-ACCOUNT SALES
1941—January	49	8	43
December	53	6	41
1942—June	56	5	39
December	61	5	34
1943—June	60	4	36
December	65	4	31
1944—June	63	3	34
December	64	4	32
1945—June	63	3	34
December	64	4	32
1946—January	64	4	32
February	61	4	35
March	59	4	37
April	60	4	36
May	59	4	37
June	59	4	37
July	61	4	35
August	60	4	36
September	57	4	39
October	56	5	39
November	57	5	38

TOTAL CONSUMER CREDIT, BY MAJOR PARTS

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL CONSUMER CREDIT	TOTAL INSTALMENT CREDIT	INSTALMENT CREDIT: SALES CREDIT			INSTALMENT CREDIT	SINGLE-PAYMENT LOANS	CHARGE ACCOUNTS	SERVICE CREDIT
			TOTAL	AUTOMOTIVE	OTHER	LOANS			
1941	9,899	5,924	3,744	1,942	1,802	2,180	1,601	1,764	610
1942	6,485	2,955	1,491	482	1,009	1,464	1,369	1,513	648
1943	5,338	1,961	814	175	639	1,147	1,192	1,498	687
1944									
January	4,988	1,857	742	169	573	1,115	1,145	1,294	692
June	5,168	1,840	706	192	514	1,134	1,242	1,370	716
December	5,777	2,039	835	200	635	1,204	1,251	1,758	729
1945									
January	5,486	1,972	777	192	585	1,195	1,246	1,534	734
June	5,697	1,987	719	188	531	1,268	1,420	1,544	746
December	6,734	2,365	903	227	676	1,462	1,616	1,981	772
1946									
January	6,505	2,363	877	235	642	1,486	1,659	1,701	782
February	6,564	2,408	879	245	634	1,529	1,671	1,692	793
March	6,978	2,507	905	264	641	1,602	1,695	1,972	804
April	7,315	2,652	957	289	668	1,695	1,710	2,138	815
May	7,507	2,789	1,004	318	686	1,785	1,708	2,188	822
June	7,762	2,908	1,035	336	699	1,873	1,697	2,327	830
July	7,843	3,031	1,072	365	707	1,959	1,695	2,281	836
August	8,155	3,182	1,126	394	732	2,056	1,714	2,418	841
September	8,384	3,301	1,181	425	756	2,120	1,740	2,495	848
October	8,717	3,470	1,266	466	800	2,204	1,773	2,621	853
November	9,189	3,655	1,360	505	855	2,295	1,820	2,895	855

LOCAL ASSOCIATION *Activities*

NEW ORLEANS, LOUISIANA

Members of The Retail Credit Association of New Orleans, La., recently elected the following officers and directors to serve in 1947: President, A. C. Artigues, White Bros.; 1st Vice-President, Chas. D. Bornwasser, Roosevelt Hotel; 2nd Vice-President, Ray J. Haydel, Coleman E. Adler & Sons; Secretary, Emile J. Flautt, New Orleans Public Service; and Treasurer, P. N. Gravois, Jr., Foundation Plan. Directors: Harris Copenhaver, New Orleans Retailers Credit Bureau; Frank H. Culotta, L. Godchaux Clothing Co.; Duke D. Dalferes, Gulf Refining Co.; Ben L. Fasting, New Orleans Charga-Plate Assn.; A. J. Franz, A. M. & J. Solari, Ltd.; George J. Fruthaler, Progressive Industrial Bank; A. Konrad Lagarde, White System of New Orleans; Julius A. Rupp, Marks Isaacs Co.; and Gerald E. Tell, D. H. Holmes Co., Ltd.

ST. LOUIS, MISSOURI

At the annual Christmas party of the Associated Retail Credit Men of St. Louis, St. Louis, Mo., the following officers and directors were elected to serve during 1947: President, Walter Menzenwerth, St. Louis Dairy Co.; Vice-President, I. Davis, Lane Bryant Co.; Treasurer, N. J. Brosnan, Stix, Baer & Fuller Co.; and Secretary, A. J. Kruse, Credit Bureau of St. Louis. Directors: Edward Fey, Biederman Furniture Co.; Joseph Holtzman, Kline's Inc.; Harry Zollinger, Zollinger's; A. L. Mayer, Greenfield's; R. Bennett Thomas, Socony Vacuum Oil Co.; A. G. Sartorious, City Ice & Fuel Co.; Robert Kerr, First National Bank; Edward Schulz, C. J. Reinecke Lumber Co.; Hugo Grimm, Gradwohl Jewelry Co.; and Mrs. Llewelyn Saali, Swope Shoe Co.

New Officers at Schenectady

• At the recent annual election of the Retail Credit Association of Schenectady County, Schenectady, N. Y., the above photograph was taken of the newly elected officers and guest speaker. Standing from left to right are: Vice-President, Seward Mallory, Personal Finance Co.; Guest Speaker, Leonard Berry, B. Forman Co., Rochester, N. Y.; and Secretary-Treasurer, J. Leslie Walton, Schenectady Trust Co. Seated from left to right are: Vice-President, Catherine E. Davey, Ellis Hospital; President, Burton V. Consaul, Sherry Williams Tire and Rubber Co., and Assistant Secretary, Margaret McHale. Absent: Vice-President, Harold F. Lewis, Mohawk National Bank.

DES MOINES, IOWA

Members of the Retail Credit Association of Des Moines, Des Moines, Iowa, recently elected the following officers and directors to serve for the 1947 term: President, Louis Waters, Standard Oil Co.; Vice-President, George Moeckly, Bankers Trust Co.; Treasurer, Ira J. Wills, Younker Bros.; and Secretary, E. H. Biermann, Credit Reference & Reporting Co. Directors: Don Bellmer, Cownie Furs; Carrie Neff, The New Utica; Milo Thornton, Iltis Lumber Co.; Charles B. Ritz, Davidson Furniture Co.; Wm. P. Yates, Abramson Motors; J. N. Coffey, Capital City State Bank; and Melba Parker, Wolf's.

CHARLOTTE, NORTH CAROLINA

New officers of the Charlotte Retail Credit Association are: President, A. T. Wohlford, Ed Mellon Co.; 1st Vice-President, H. C. Alexander, Belk Bros.; 2nd Vice-President, Mrs. Mabel Hess, Everett-Noble Motors; Secretary, Miss Ethel Porter, Pritchard Paint & Glass Co.; and Treasurer, G. G. Duval, Charlotte Merchants Ass'n. Directors: W. F. Phillips, Commercial National Bank; Mrs. Nett Heim, Montaldo's; Miss Jennie Benton, W. & S. Motors; C. W. York, J. B. Ivey & Co.; Mrs. Ethel Wilkinson, F. & R. Coal & Oil Co.; and C. C. Dudley, Charlotte Merchants Ass'n.

Pittsburgh's Credit Leaders

• Shown in the photograph above, reading from left to right, are: recently re-elected President of the Credit Women's Breakfast Club of Pittsburgh, Miss E. M. Berkhouse, Joseph Horne Co.; Director and Treasurer of the Retail Credit Association of Pittsburgh, C. W. Orwig, Commonwealth Trust Company of Pittsburgh; and recently installed President of the Retail Credit Association of Pittsburgh, F. R. McCaffrey, Associate Discount Corporation.

A New Consumer Credit Advertising Campaign

WITH Government credit controls discontinued on charge accounts, and collection percentages declining appreciably, the consumer should be educated NOW to continue paying promptly as was required under Regulation W. This new series of advertisements encourages the use of credit and points out the advantages of maintaining a good credit record. They urge customers to BUY WISELY—PAY PROMPTLY.

The campaign, containing 14 human interest advertisements, size 6 by 9 inches, has been prepared in mat form—ready to publish in your local newspapers over the signature of your local Association. Shown above are four of the ads. The cost of the series is only $35.00. Single mats are $3.50 each.

Order the entire series today, and get YOUR campaign started NOW. A portfolio illustrating all advertisements will be sent free on request.

NATIONAL RETAIL CREDIT ASSOCIATION

SHELL BUILDING ST. LOUIS 3, MISSOURI

Granting Credit in Canada

J. H. SUYDAM • • • *Canadian Correspondent*

Charge Account Authorization

G. Don Smith, A.C.I., *President*, Associated Credit Bureaus of Canada, Montreal
Formerly, *Credit Manager*, Henry Morgan & Co. Ltd., Montreal

WHILE EVERY function in the charge account operation is important in itself, there is probably none quite so important as that of authorization. In the conduct of charge account business, authorization is usually understood to refer to the actual passing of charge items to the accounts themselves. The original account has already been opened and usually a credit limit set by the credit manager himself. The customer may or may not know this limit. Some stores adopt the strict policy of letting their customers know of any such restriction on the size of their accounts. Others feel that knowledge of such control may be safely kept from the account holder, and that such checkups as may be necessary to avoid overbuying can be done safely within the workings of the credit department itself.

Keep Limit Accounts in Check

There are other stores that reason quite soundly that it is necessary to keep only smaller limit accounts in check and that in such instances it is wise to seek the co-operation of the customers themselves. Whichever plan is adopted, it is well to remember that the customer will have little respect for the limit you set, unless he understands the reason for it. Merely telling a customer that he or she has passed her limit achieves nothing, unless he knows the necessity for such procedure.

At this point, it would be well to realize that the thoroughness with which you authorize subsequent purchases must depend almost entirely on how much the customer expects to be kept in check. Good practise dictates that good authorization stems from good credit granting at the time of opening the account. The credit department that opens its accounts carefully with a full understanding with the customer on purchase limits and payment terms is usually the department with the least concern in its subsequent credit passing. There is nothing difficult about asking your customer to assist in putting a fair limit on his or her account. Explain that this is how your store does business. And explain that when limits are exceeded you will then have the right to call on him for further co-operation. If this is carefully done by the interviewing staff at the very outset, it is remarkable how it simplifies authorization.

The other way is easier—to give the customer the impression that he may buy the entire store; it is good sales promotion—but it is poor credit practise. Once your customer understands the signals, you have a much better chance for sales promotion on a sound basis. It may not sound pertinent to the subject of authorization, but it is; sound credit granting and authorization lend themselves to active credit sales promotion.

Now let us consider the various well-known methods of authorizing charges to active accounts, and then later a few words about passing charges for inactive accounts or for names that are not included in your records. In small businesses, and in a great many larger stores, authorization is done from the actual posting record. It is obvious that there is a great advantage in being able to see exactly what a customer's accumulated charges amount to, assuming, of course, that your daily or block postings are up to date. I know up-to-date postings are not always possible, especially in these times of frequent staff changes.

The necessity for referring to the ledger sheet every time a customer buys has obvious disadvantages also. In an active charge account department such reference to the ledger is disturbing to a smooth-running posting operation, apart from the fact that ledger sheets are often removed for balancing and adjusting purposes. However, this type of authorizing has the decided advantage of eliminating the need for the maintenance of a secondary record with its attendant errors and constant correction and review. Where charges to accounts are not frequent, particularly in specialty stores, including furniture, jewelry and sporting goods, then direct reference to the ledger is recommended, if only for the purpose of simplicity.

Where a secondary record is essential, there are several well-established authorization systems. There is the single-line index made by most office specialty manufacturers, carrying the name, address, and usually the limit. The advantage in this simple system is its compactness. And whether the information is recorded on panels, on rotaries, or in book form, many thousands of names can be housed in a small space.

The Single-Line Index

Occasionally, the single-line index is housed in drawers such as Kardex cabinets; but usually where drawers are used a larger and more detailed record is kept. One objection to the single-line index is the absence of room for special instructions, especially where husbands issue them. The absence of the previous address is also considered a drawback at times. This difficulty is usually overcome by superimposing one card over the other, which may or may not be considered good practise.

As opposed to the single-line index, there are many different types of index cards kept in many and varied ways. Such types of authorization are seldom standard but usually are the result of one man's experience as to what best suits his buiness. One satisfactory system which has been used successfully for years is the 5″ x 3″ or 6″ x 4″ index cards housed in the Kardex or similar cabinet. A card of this size has room enough to carry all details essential to the sound passing of credit, such

as the name and address, room for previous addresses, occupation and the limit. The rest of the card still provides enough room for special instructions. Usually it is found that with all these essentials listed, there is a minimum of errors in locating the proper account and of sensibly passing credit.

A worthwhile tip to those considering an improved authorization record is to file the customers' cards by street numbers and not by alphabetical sequence of names. Streets and numbers remain fairly constant and are less likely to be misunderstood by sales people than the hundreds of different surnames. Furthermore, it is a good deal easier to locate 1018 John Street than to locate C. G. Henderson who actually lives there, but came through on the sales check as J. J. Anderson. No matter how often the sales staff is instructed to call back the name and address, there is always this type of error to contend with. Usually a cross index is unnecessary.

A third general type of authorization record and a good deal more recent is the "collector pocket"; the daily sales checks are kept together ready for posting one due date on the billing system. Under this plan, the sales checks are attached to the skeleton bill at the month end. But in the meantime they are assembled at the authorization point where a quick inspection tells more or less exactly, depending again on how up to date the posting is, how much the customer has bought during the period from the last billing date. Such a record must also include the balance of the last account and, of course, the changes affected by cash remittances or returned merchandise.

Collector Pocket Method

This collector pocket method is not far removed from the "refer to ledger" system, which was the first system outlined. It does, however, suffer one drawback. It is not concise or compact and may take up much more room than any other system, granted, of course, that it is performing another function, that of billing.

Reference has not been made to "take with" charges under the floor release plan. Most stores today authorize, to some extent, on this negative system because they believe that smaller amounts are not worth the trouble of checking. The plan is so universal that it is recognized as regular practise by the credit control authorities in both Canada and the United States. However, it seems to me that the negative plan can be overdone. The control authorities permit floor releases up to $10 per sales check. Many stores are using this figure in their own authorization plans.

If the average charge account sales check for the entire store, including large items such as furs, furniture, china, etc., is less than $5, it is easy to see that to a larger extent than is realized, authorization is being taken for granted. Just what condition a store would be in that decided not to authorize at all under normal conditions without government control, is a nice point for discussion. Such experiments have been made and the results point to the fact that if the account is opened properly in the very beginning, the chance of serious error in ultimate authorization is not likely. Whatever mechanical system is employed for the day-to-day passing of credit, there is no substitute for doing the job well at the time the account is first applied for. ★★★

Discovering Newcomers

CREDIT GRANTERS have a two billion, four hundred and ninety-five million dollar headache in monthly charge accounts outstanding as of September 1946. In addition to this, charge account collections have shown a marked decrease according to a survey of several states made in October. However, there is a comforting balm in the form of a rich opportunity which many retail and wholesale firms are overlooking. It is the vast number of business executives and smart young employees who are being shifted from coast to coast in a general move to expand and put young blood into organizations, large and small. These newcomers to the community are "discovered" by the Newcomer-Welcome-To-Our-City-Service, a Hostess Service to which many firms today are subscribing. A wise credit granter will not minimize the importance to his firm of knowing and welcoming new people into his community. In most instances these newcomers have been subjected to the most careful screening before they have been transferred. Consequently, they are a remarkably valuable group of potential customers whose integrity and business acumen have been more or less established and whose increasing ability economically is thereby assured.

Many times we have discussed control of credit from a personnel standpoint, from a collection standpoint and from an inactive account follow-up; and it would seem expedient to "put new blood" into our credit departments. In Milwaukee the influx of this type of personnel was the greatest in 1946 that it has been in any single year for the past ten years. Business firms have had reason to believe that the good will involved in welcoming strangers or returning "homefolks" to the community has more than paid dividends.—Dorothy Sevedge, Hostess Service, Milwaukee, Wis., President, Credit Women's Breakfast Club of Milwaukee. ★★★

"Skip Devices"

(*Beginning on page 9*)

Furthermore, even though a device were so designed as to receive formal approval by the postal authorities, this would not prevent the device from being unlawful under the Federal Trade Commission Act. We must remember that there are principles applicable to these methods which will apply, regardless of the form of the device used. Because of the similarity in the decisions, on various cases regarding devices, of the courts and the Commission, I do not believe it possible to devise a skip trace subterfuge that would not be unlawful under the Federal Trade Commission Act.

Presumably these devices are effective to a greater or lesser degree. Their use may give firms a temporary advantage over other concerns which will not stoop to such swindles. The remedy for this is not to get down in the gutter with the unscrupulous collector, but to invoke the law as administered by the Post Office Department and the Federal Trade Commission.

These devices have been judicially determined to be unfair tricks and their use to be unlawful, both under the Federal Trade Commission Act and the Postal Laws. And if the Federal Trade Commission does not indict the user of such contrivances, the postal authorities will. ★★★

"Outlook"

(Beginning on page 6)

Regulation W, your floor release limit can be set at any amount which you think safe enough to be practical.

I am sure that every credit executive feels that some form of customer identification is a good idea, be it either a plain identification card, coin, or metal plate. Have you also considered the use of an embossed identification plate with its additional service features?

Cycle billing is fundamentally a progressive step in handling credits, collection, and accounts receivable, and takes its place as an important contribution to efficient store management. It is the shortest, safest, and least expensive route between charge and payment.

Cycle billing is by no means radical, new or untried. It is a plan of retail customer accounting which gives the customer a simple, clear, "easy to read" statement and spreads the work of the billing department evenly throughout the month. It provides manifold advantages and economies of operation and appreciably improves customer good will.

Advantages of Cycle Billing

Here are some of the outstanding advantages of cycle billing, attested to by stores who are using it:

1. *It has customer appeal.* Here is why the customer likes this new streamlined service: Under this plan, she receives a statement that lists only the amount of each charge, credit, and cash payment together with the net balance of the account. In order for her to easily check and verify the amounts on her statement, the original copy of all saleschecks, credits, cash, or any other posting media are returned with her statement. For the store's records, the statement, together with all original posting media, is photographed before mailing.

2. *It has tremendous production.* Under cycle billing each account is posted only once a month, regardless of how many purchases, payments or returns were made during a month. Not more than one old balance pickup is ever required; general average is approximately 600 to 800 statements per operator per day. At the end of each cycle period, the biller posts the media amounts on the statement, and the machine automatically registers the total charges, returns, cash and balance on the transcript ledger card. The account clerk stuffs all posting media, freezes accounts and usually follows up the first three stages of collection procedure.

3. *It has economy of operation.* By distributing the flow of work evenly over the cycle dates of the month, less machines are required to do the billing job with a subsequent savings in operator's salaries. Fewer adjustment clerks are required, as returning tickets to customer gives her the "whole story of her account." And inasmuch as the statements go out in alphabetical cycles, collections will come in a more even flow, thus reducing the number of receiving cashiers and fewer collection personnel. With fewer machines and no "old-tickets" filing problem, valuable floor space can be claimed for merchandising.

In referring to consumer relations I prefer to confine the subject not as it would apply to your store individually, but as it applies to credit sales in general.

In considering the subject of a community credit policy in which the consumer plays the leading role—a subject that has been widely debated—can a community credit policy be established and made to work?

A short time ago the National Retail Credit Association as well as the Credit Management Division of the N.R.D.G.A. was asked to investigate the possibilities of such type of policy when Regulation W would cease to exist. They reported that such policies, or the instigation of such policies, would be contrary to the various antitrust statutes and in restraint of trade if they in any way affected interstate commerce.

This does not mean, however, that we should sit back and do nothing about this problem. How about starting a consumer campaign to educate the public so that they will realize the importance of paying their bills promptly? A great many cities are purchasing newspaper and billboard space, pointing out the benefits of prompt payment of bills. Our own National Retail Credit Association will supply a series of newspaper mats that can be run in your local newspaper, pointing out to the consumer the value of having a good credit record. Many cities are sponsoring local credit bureau tours for school children to acquaint them early in life with the responsibility of keeping their accounts in a liquid condition. I strongly urge that consideration be given immediately to this important question of consumer education, especially now that collection percentages are declining.

Now, there is still one other problem to cover while on the subject of consumer relations and education; and that is the customer who is accustomed to returning almost everything she purchases. While at the present time there is still more of a demand for merchandise than our markets can produce, it will not be too far in the future when the supply of merchandise will equal the demand; then we will have the problem of returned merchandise. Would this not also be a good time to start educating the consumer to shop more wisely and return as few items as possible? The National Retail Credit Association can also supply you with "return goods" advertising programs and necessary newspaper mats.

Importance of New Ideas

As credit executives we should be vitally interested not only in bettering every function of our respective credit departments, but in promotion of credit sales, new equipment, streamlined procedures and, most of all, new ideas. I would like to stress the importance of the subject of new ideas. They can be secured only through exchanging thoughts with fellow credit executives, reading The Credit World, journals, papers, etc. Do not neglect an opportunity to talk to a machine or paper-form salesman. He is constantly bringing you new ideas and information—free information that his company has spent much time and money to develop.

Be alert if you are to be a credit executive; be a credit executive and not a "glorified bookkeeper." Keep management informed as to current trends—that is part of your job. *Make management feel your importance as part of their sales force and you may be sure that in return you will be well rewarded by management.* ★★★

In the NEWS

A SURVEY of Detroit, Boston and Portland, Me., showed that 90.6 per cent of the people read outdoor advertising. These people reported that they read billboards on an average of 1½ times daily, that the readership among men and women was about the same, and that the divergence of readership among different wage groups was negligible.

★ ★ ★

PRESIDENT OF the United States Economics Corporation, A. G. Dahlberg, predicts a 100 per cent increase in consumer credit in the next few years and a tapering off in the sales at retail of non-durable lines. He forecasts a 3 billion dollar increase in spending in 1947.

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PERSONS NOW employed in the United States represent 43 per cent of the population, as compared with 38 per cent in the 1929 boom.

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INDUSTRIAL RESEARCH pays everybody, but first benefits are uniformly to the consumer. Despite higher crude prices, gasoline has come down from 14 cents to 5.75 cents a gallon at the refinery since 1925. In the same period gasoline quality has been stepped up from average 60 octane to 75 octane. Standard Oil research organization kept books on its development costs for 10 years; found every $1,000 invested in research returned $15,412 in more efficient production, new products, or reduced royalties.

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SALES OF independent food stores were up 26 per cent in August, 1946, as compared with August, 1945, according to the Department of Commerce. These sales were up 18 per cent for the 8 months of 1946 as compared with the 8 months of 1945 and up 7 per cent in August, 1946, as compared with July, 1946.

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THE RECORD level of wholesale, retail and other inventories reported currently by the Department of Commerce, spurred Treasury Secretary Snyder to warn banks to show caution in making loans of an inflationary or speculative trend. The July, 1946, inventory rise, nearly half of it seasonal foods, was accompanied by a drop in sales according to the Department of Commerce.

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AMERICAN FARMERS today are getting about 55 cents out of every consumer dollar, the largest share they have ever received.

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GOVERNMENT REPORTS continue to show new employment peaks. Federal Security Agency says employment in establishments covered by state unemployment insurance laws reached a new postwar high of 29,200,000 in mid-June, 1946, and estimates that other workers would have brought the total at that time to 55,900,000.

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FEDERAL RESERVE Board estimates that only 6 per cent of all farmers plan to buy new automobiles. Most of their savings will go for household appliances, machinery, and repairs.

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WOMEN WORKERS in the United States factories comprise 25 per cent of our production force—back to the prewar norm; war peak was 33 per cent.

Reading this publication carefully and regularly will contribute to your success as a Credit Executive.

THE YEAR 1947 should see national income in the amount of 175 billion dollars, or about 6 per cent above 1946 income. According to the Bureau of Agricultural Economics national income will then begin to taper off.

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SMALL BUSINESS is supposed to get a break under announced plans of Administrator Robert Littlejohn to strengthen War Assets Administration policy of selling as much surplus goods as possible "through normal commercial channels." He has told his regional officials that carrying out the specific provisions of the regulations will not be enough—he wants them to abide by the spirit of the policies, too.

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FEDERAL GOVERNMENT expenditures for 1947 are estimated to be nearly 60 times those of 1916. And state and local government expenditures have increased about 3½ times in the same period.

★ ★ ★

NET WORKING capital of American business increased 1.2 billion dollars in the last quarter of 1946 to a new record of 54 billion dollars. Banks and insurance companies are not included in the total. The increase was accounted for mostly by decreasing current liabilities rather than by increasing current assets.

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THE FEDERAL government will spend more in 1947 than in all the years 1921 to 1930.

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CONSUMER INSTALMENT loans held by leading types of lending institutions continued to rise during November, reaching 1,860 million dollars at the end of the month. This represents the highest level of instalment loans made directly to consumers in the history of the series, and surpasses by approximately 6 million dollars the previous peak in August, 1941. The increases in loans held by commercial banks and small loan companies are responsible for this new high level. Consumer instalment loans held by industrial banks, industrial loan companies, and credit unions are still below their August, 1941 peaks.

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WAR ASSETS Administration reports it has found a market for many surplus anti-aircraft searchlights by offering them to circuses, carnivals, amusement parks, theaters, and other entertainment enterprises which use the huge lights mainly as advertising media to attract customers.

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RETAIL FURNITURE store sales rose by about the usual seasonal amount in November, and continued well above the year-ago level. Both cash and instalment sales showed moderate increases, and were nearly 30 per cent higher than in November of the preceding year. Charge-account sales declined slightly, as is usual in November, but were considerably above the 1945 volume.

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DEPARTMENT STORE charge accounts receivable increased in November by about the customary amount, and at the end of the month showed a 56 per cent gain over a year earlier. Collections on charge accounts were up 6 per cent from October, but the collection ratio of 59 per cent was one point lower than in the preceding month. Charge accounts were collected in approximately 51 days as compared with less than 45 days in November, 1945.

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COLLECTIONS ON instalment accounts at furniture and jewelry stores were more rapid in November than a month earlier and the collection ratios rose to 28 per cent and 34 per cent, respectively. At household appliance stores collections during the month were 48 per cent of instalment accounts outstanding on the first of the month, as compared with 51 per cent in October.

Consumer Credit Education

ELSEWHERE in this issue appears the opinion of our attorneys, Baker, Botts, Andrews and Walne, in connection with community credit policies.

On a basis of that opinion and that of our Washington Representative, R. Preston Shealey, and the reaction of the Department of Justice to such policies, it is our recommendation that no credit control policy be adopted.

Local Associations or Credit Bureaus should sponsor consumer educational campaigns through newspapers, over the radio, in the form of billboard advertising, enclosures in bills, etc., all stressing the advantages of sound credit.

The disadvantages of buying on extremely long terms, the cost of such credit, and the danger of going into debt beyond ability to pay promptly or obligating one's self over too long a period should be emphasized at every opportunity.

It is desirable to keep before the consuming public the advantages of sound credit and the extent to which they benefit through the prompt payment of bills. The satisfaction of a good credit record and what is necessary to build and maintain that record should be stressed.

Unsound credit terms should be discouraged and the danger of overbuying should be explained. In the opening of new accounts, whether charge or installment, the credit policies and terms of the credit granter should be explained to the customer.

Concerted action in the education of credit buyers in the future will prove of distinct advantage to consumers and credit granters alike.

L S Crowder

General Manager-Treasurer